FBIS DAILY REPORT

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PACT DEFENSE MINISTERS' MEETING CONCLUDES 5 DEC

LD051756 East Berlin ADN International Service in German 1703 GMT 5 Dec 85

[Text] Berlin 5 Dec (ADN) -- A routine session of the Defense Ministers' Committee of the Warsaw Pact states ended on Thursday [5 December]. The 4-day meeting was held in Berlin under the chairmanship of Army General Heinz Kessler, GDR minister of national defense.

The session was attended by the defense ministers, commander in chief, and chief of staff of the Joint Armed Forces of the Warsaw Pact states.

The Defense Ministers Committee dealt with questions of practical cooperation among the Joint Armed Forces of the Warsaw Pact states and adopted corresponding decisions.

The session was marked by a businesslike attitude and an atmosphere of friendship and mutual agreement.

NATO MBFR PROPOSALS MEET COLD RECEPTION FROM PACT

LD051919 Belgrade TANJUG in English 1823 GMT 5 Dec 85

[Text] Vienna, December 5 (TANJUG) -- At the close of the 37th round of the Vienna negotiations, the Western countries today submitted a "new proposal" which, like the previous proposal by the Warsaw Treaty countries, provides for a partial disengagement of Soviet and U.S. conventional military forces in central Europe.

This means a stop to a nine-month absence of any major development in these negotiations, but still quite uncertain is whether this means progress on which the Western negotiators in Vienna speak.

The NATO countries' new proposal has met with a cold reception from the Warsaw Treaty countries and has contact points with the Eastern proposal as regards the phase one of disengagement which would cover certain numbers of Soviet and U.S. troops and should unblock the 12-year-long negotiations without concrete results. [sentence as received]

The Soviet press spokesman transmitted to the press today chief Soviet delegate Mikhaylov's "first impression." According to it, the Western reply "does not give any basis for optimism."

The next round of the Vienna negotiations is to start on January 30, 1986, and last until March 20.

MORE DETAILS OF PRC-ALBANIA 5-YEAR TRADE ACCORD

AU051032 Paris AFP in English 0909 GMT 4 Dec 85

[Text] Beijing, Dec 4 (AFP) -- China and Albania have signed their first long-term trade accord since their split in 1978, agreeing to 100 million dollars of business over the period 1986-1990, Albanian officials said here today. NEW CHINA NEWS AGENCY (XINHUA), said the five-year accord, as well as a separate agreement for 1986, were signed yesterday by China's deputy minister of foreign trade, Chen Jie, and his Albanian counterpart Pajtim Ajazi.

The long-term agreement will be the first since China fell out with Albania after Tirana branded top Chinese leader Deng Xiaoping a "stinking fascist" and accused Beijing of collusion with "American imperialism." XINHUA gave no details of the accord for 1986-90, but Albanian diplomats said it provided for a total two-way trade of 100 million dollars for an average of 20 million dollars a year. Trade between the countries this year is expected to hit the same level. The move was the latest sign of the slow rapprochement between China and Albania, who resumed trade links by signing a protocol for 1983 and have concluded new annual agreements each year since then.

Another gesture seen as significant was Vice Foreign Minister Qian Qichen's visit to Tirana's mission here Friday to mark the 73rd anniversary of Albanian independence. After Albanian leader Enver Hoxha died in April, China sent a message to the country's new Communist Party chief, Ramiz Alia, welcoming him as a "comrade." Tirana did not send it back as "unacceptable" as it did in the case of the Soviet message.

Before their rupture, China granted more than five billion dollars in aid to Albania, according to figures here. Most of it went to mount large industrial projects. China exports cotton, spare parts, tires and chemical products to Albania while importing Albanian chrome, chrome iron and copper wiring.

ROMANIAN TRADE DELEGATION ARRIVES 4 DEC

AU051327 Tirana ATA in English 0920 GMT 5 Dec 85

[Text] Tirana, December 5 (ATA) A government trade delegation of the Socialist Republic of Romania, led by the minister of foreign trade and international economic cooperation, Vasile Pungan arrived in our country on December 4. The delegation was received at the airport by the minister of foreign trade, Shane Korbeci, director of department at the Ministry of Foreign Affairs Piro Bita, and others. Present was also the ambassador extraordinary and plenipotentiary of the SR of Romania to the PSR or Albania Gheorghe Pop.

On December 4 too, the talks began between the delegation of the PSR of Albania, led by the minister of foreign trade, Shane Korbeci and the delegation of the SR of Romania, led by the minister of foreign trade and international economic cooperation, Vasile Pungan, during which opinions were exchanged on the development of the trade relations between the two countries during 1986-1990 period. Present at these talks was also the ambassador extraordinary and plenipotentiary of the Socialist Republic of Romania to Albania Gheorghe Pop. On December 4, the minister of foreign trade, Shane Korbeci, gave a dinner in honour of the government trade delegation of the SR of Romania, led by the minister of foreign trade and international economic cooperation, Vasile Pungan.

MORE ON PAPOULIAS DISCUSSIONS IN SOFIA

Received by Zhivkov

AU051951 Sofia Domestic Service in Bulgarian 1830 GMT 5 Dec 85

[Text] Todor Zhivkov, chairman of the State Council, has today received Greek Foreign Minister Karolos Papoulias, who is on an official visit to Bulgaria. In the conversation a positive assessment was given to the development of bilateral relations. Special attention was paid to the situation in the Balkans. Questions of the creation of a nuclear-free zone in the Balkan peninsula were examined. Both sides confirmed their readiness to continue efforts to achieve the realization of this idea, which corresponds to the requirements of the day and can contribute to strengthening the peace and detente processes, as well as to the improvement of the general political climate. Other issues relating to the current international situation were also discussed.

The talks in Geneva between Mikhail Gorbachev, general secretary of the CPSU Central Committee, and Ronald Reagan, President of the United States, were positively assessed. Hope was voiced that the results of the talks will open new opportunities for positive changes in the international situation.

Todor Zhivkov, chairman of the State Council, gave a luncheon at the Boyana residence in honor of Karolos Papoulias.

Gives Reception for Mladenov

AU052027 Sofia Domestic Service in Bulgarian 2000 GMT 5 Dec 85

[Text] Karolos Papoulias, minister of foreign affairs of Greece, gave an evening reception for Comrade Petur Mladenov, on whose invitation he visited Bulgaria. To the residence of the Greek ambassador came Comrades Pencho Kubadinski and Petur Tanchev; members of the State Council and government; deputy chairmen of the National Assembly; leaders of public and mass organizations; figures from science, culture, and public life; and leaders and members of diplomatic missions accredited to Bulgaria. The reception was held in a warm and friendly atmosphere.

Receives Favorable Press

AU051610 Sofia BTA in English 1458 GMT 5 Dec 85

[Text] Sofia, December 5 (BTA) -- The issues concerning the condition and prospects of the Bulgaro-Greek relations were in the focus of the talks, which continued today, between the Foreign Minister of Bulgaria Mr. Petur Mladenov and the Minister of Foreign Affairs of Greece Mr. Karolos Papoulias.

Both sides concluded that the bilateral relations, which undergo an upgrade development in the spirit of mutual trust and understanding, have been founded on a stable basis. Great importance for this bears the fact that there are not any problems between Bulgaria and Greece, which could hamper and disturb the unselfish understanding and mutually advantageous cooperation.

The relations between the two countries contribute to a considerable extent for the improvement of the political climate and the situation in the Balkans, and they serve as an example of relations of peaceful coexistence between countries with different social systems.

The two ministers stressed the primary role of the high level meetings for the widening and strengthening on the friendship and goodneighbourly relations, and their stimulating influence over the contacts in different spheres.

Conviction was expressed at the talks, that the visit of the Greek foreign minister to Bulgaria, only a few months after the visit of Mr. Todor Zhivkov to Athens will be a concrete step towards the implementation of the agreements between the leaders of the two countries.

The ministers voiced their mutual interest in the future consolidation of these agreements which started with the activation of the contacts between the parliaments and governments, between economic, scientific and cultural organizations, between the socio-political, trade union, youth, women and other organizations, between Bulgarian and Greek cities.

Mr. Petur Mladenov and Mr. Karolos Papoulias paid special attention to the trade and economic relations and marked that on the whole they develop successfully, but what has been achieved has not corresponded to the favourable conditions for cooperation which are offered by the economies of the two countries. They stressed the importance of the "Long Term Programme for Further Development of the Economic Cooperation Between Bulgaria and Greece", signed in 1982.

The Bulgarian foreign minister said that it would be expedient to formulate and rank the tasks of mutual interest, which could be decided by the two countries at the present stage and during the following years. The mutual advantage from the encouragement and stimulation of the industrial cooperation, joint firms and other progressive forms of cooperation, was stressed. Conviction was expressed that with joint efforts the business relations between the two countries could be raised on the level of the political contacts.

Mr. Petur Mladenov and Mr. Karolos Papoulias stressed with staisfaction the positive development of the relations in the sphere of culture, science, education, sports and tourism and reaffirmed the desire of their countries for their activation most of all through direct contacts between the respective institutions and organizations.

The two foreign ministers marked with satisfaction the identity or closeness of the positions of Bulgaria and Greece on a number of international situation issues.

They voiced their deep concern and alarm over the straining of the international situation and the continuing unprecedented arms race, especially in the nuclear sphere, over thepreparations for its spreading in outer space.

They emphasized that only the achievement of agreements which would guarantee the equal security of the countries, could lead to consistent strengthening of mutual trust, to overall healing of the political atmosphere, in which a constructive dialogue would be possible.

The Bulgarian foreign minister stressed the actuality of the proposals and ideas contained in the Sofia Declaration of the Political Consultative Committee of the Warsaw Treaty member-states. He voiced the unreserved support of Bulgaria to the whole set of the unilaterally undertaken initiatives of the Soviet Union, directed towards the establishing of more favourable conditions for removal of the nuclear threat and guaranteeing of peace and security of the peoples.

Mr. Petur Mladenov and Mr. Karolos Papoulias assessed the summit between Mr. Mikhail Gorbachev and Mr. Ronald Reagan as an important political event and a beginning of a serious equal-right dialogue, which reveals prospects for positive changes in the Soviet-American relations and in the international situation as a whole. The summit showed to the world public that regardless of the difficulty of the problems which have to be decided, the dialogue, if serious and equitable, is possible.

Mr. Petur Mladenov and Mr. Karolos Papoulias paid special attention to the situation in the Balkans. The policy of the two countries has a considerable influence on the development of the positive processes and tendencies in the region in the spirit of the Helsinki Final Act.

Our constant striving is to promote good relations with all neighbouring countries without influencing their home events, to work actively for the consolidation of the positive tendencies in the relations between the Balkan countries and for turning the Balkans into a region of understanding and goodneighbourliness, Mr. Petur Mladenov said.

The two ministers said that the most topical task today is the realization of the idea for turning the Balkans into a nuclear-weapon-free zone of which Bulgaria and Greece are convinced followers. This idea, which is in complete conformity with the interests of all Balkan peoples, goes beyond the limits of the freeing of the region from nuclear weapons. Its realization would be an impetus to the gradual freeing of Europe from nuclear weapons. Mr. Petur Mladenov and Mr. Karolos Papoulias confirmed the resolution of their countries to work actively to this end.

They stressed the necessity for a peaceful and just resolution of the Cyprus problem which would guarantee the independence, sovereignty, territorial integrity, unity and non-alignment of Cyprus by observing the interests of both Cypriotic Greeks and Cypriotic Turks and the demilitarization of the island. Bulgaria and Greece declare themselves against any unilateral activities whatsoever which would stand in the way of the achievement of these aims. The two countries are for the continuation of the inter-Cypriotic dialogue in conformity with the UN resolutions.

The Bulgarian and Greek foreign ministers declared themselves for doing away with the existing hotbeds of tension and for the non-admittance of the emergence of new ones in different regions of the world.

UK UNESCO WITHDRAWAL DECISION EXAMINED

AU061209 Sofia Domestic Service in Bulgarian 1000 GMT 6 Dec 85

[Text] The British Government's decision that the country will leave UNESCO after 31 December 1985 was met with disapproval and disappointment by broad British public opinion. As Petur Bochukov, the RABOTNICHESKO DELO correspondent in London, points out, many MP's, scientists and scholars, and cultural and public figures are already declaring their attachment to UNESCO and their readiness to continue to serve its noble aims, irrespective of the government's decision.

[Begin Bochukov recording] The grounds for the announcement of Timothy Raison, the minister for overseas development, are that UNESCO is extremely politicized, a circumstance that the British Government does not wish to accept. But only a week previously Raison stated that the British delegation that took part in the UNESCO General Conference session was satisfied with the progress achieved in Sofia in the administrative-financial reforming of the organization. The evident variance between the words and deeds quite clearly demonstrates that the strong pressure applied in recent days by the United States has proved decisive. But also of significance is the fact that in taking its decision the government has disregarded not only public opinion in Great Britain but also the insistent claims of the countries of the Commonwealth, and former British Commonwealth members, as well as those of the EEC countries, principally France and the FRG. The prominent Labor politician Tony Benn stated: This is an expression of the lack of principle of the present government toward the aims of UNESCO, which are to propagandize the ideas of peace and security.

FILIPOV AT CONFERENCE ON TECHNOLOGY APPLICATION

AU041520 [Editorial Report] Sofia RABOTNICHESKO DELO in Bulgarian on 22 November on pages 1 and 2 carries a 2,200-word report or the "concluding session" of a scientific-technological conference entitled "Revolutionary Thought and Revolutionary Action" held in the Lyudmila Zhivkova People's Palace of Culture in Sofia on 21 November "at the initiative of RABOTNICHESKO DELO." This 1-day conference represents the culmination of an 11-month "conference by correspondence" held in the pages of RABOTNICHESKO DELO every Tuesday under the same title. During this time various contributors discussed the application of modern scientific and technological developments in Bulgaria to improve production and advance the country's economic development. In the paper's words, the conference was devoted to "the basic problem of the coming 13th BCP Congress, namely to the introduction of the achievements of the contemporary scientific-technological revolution in all fields and the use of these achievements to accelerate the socioeconomic development of our country."

The report says that over 500 scientists, party functionaries, economic managers, and specialists from various sectors, inventors, educational experts, and front-ranking workers from all over the country participated in the closing session. "Grisha Filipov, chairman of the Council of Ministers and Politburo member of the BCP Central Committee, Academician Angel Balevski, chairman of the Bulgarian Academy of Sciences, and others," are also reported attending.

The meeting was opened by Yordan Yotov, Politburo member of the BCP Central Committee and editor in chief of the daily RABOTNICHESKO DELO, "He pointed out with particular emphasis the historical significance of the great party idea about revolutionary thought and action, as an urgent necessity in every sphere of life in the socioeconomic life of socialist Bulgaria. He stressed that the basic precongress initiative of the BCP central press organ was inspired by the remarkable postulate of Comrade Todor Zhivkov. The working people from all over the country, our entire people supported this idea. The programmatic documents of the BCP Central Committee February Plenum inspired the precongress initiative, but also submitted new responsibilities and raised great, new problems."

This introductory address was followed by a statement by Academician Blagovest Sendov who is reported as having spoken on "problems of the contradiction between the development of science and its application in practical life, as well as on various forms of organizing the application of scientific achievements."

Academician Kiril Bratanov is reported to have discussed biotechnologies in agriculture, while other speakers dealt with "ideological aspects of the scientific-technical revolution" and with "social, party-political, and ideological problems of the scientific-technical revolution," with philosophical aspects of scientific-technical revolution, and so forth.

Grisha Filipov is reported to have taken the floor next and his statement is reported as follows: "He greeted the conference participants and all those who contributed to the implementation of the RABOTNICHESKO DELO initiative, on behalf of the BCP Central Committee Politburo and on the personal behalf of Comrade Todor Zhivkov. He then thoroughly analyzed the postulate on the necessity of revolutionary thought and revolutionary action submitted by Comrade Todor Zhivkov as a method for solving the key problems of the present stage of our socioeconomic development.

"The speaker further pointed out that revolutionary thought is alien to dogmatism and subjectivism, that it reflects the objective trends of social progress. It is connected with the tremendous achievements in our development, the qualitative changes in the basis and in the superstrucutre, and the comprehensive process of intensification. The documents of the BCP Central Committee February Plenum were a manifestation of revolutionary thought and reflected the organic unity of socialist social relations and the achievements of contemporary scientific-technical revolution.

"Comrade Grisha Filipov further dwelled on the necessity of democratic centralism, which should undergo a new development as regards its form and essence, as well as on the necessity for the scientific-technical revolution to become the cause of millions of people in our country. Revolutionary thought and action today mean the implementation of the scientific-technical revolution as a global strategy of the BCP.

"Comrade Grisha Filipov stressed in conclusion that the postulate about revolutionary thought and action has tremendous congnitive potential, that it is of a great methodological significance and also exerts tremendous ideological impact as a transforming force. He expressed confidence that the Bulgarian scientists and specialists, the party and economic leaders, and all working people will devote their mind and talents to the implementation of the great tasks facing us in connection with the worthy preparation for the 13th BCP Congress."

The report ends: "This was the end of the closing session of the scientific-practical conference devoted to the subject: 'Revolutionary thought and action'. Many participants in the conference expressed the wish that this useful initiative of the daily RABOTNICHESKO DELO may be pursued even after the 13th BCP Congress in an appropriate new form."

FILIPOV-LED DELEGATION DEPARTS FOR CSSR

LD051338 Prague Domestic Service in Czech and Slovak 1300 GMT 5 Dec 85

[Text] Grisha Filipov, chairman of the Council of Ministers of the People's Republic of Bulgaria, left Sofia by air today for a friendly working visit to Czechoslovakia. He has been invited by Lubomir Strougal, federal premier.

Grisha Filipov is being accompanied by Andrey Lukanov, deputy chairman of the Council of Ministers; Mariy Ivanov, first deputy minister of foreign affairs; and Toncho Chakurov, first deputy minister of machine building.

'NO GUARANTEE' OFFERED BY NATO'S MBFR RESPONSE

LD052253 Prague Domestic Service in Czech 1730 GMT 5 Dec 85

[Text] The NATO states only today replied at the Vienna talks to proposals made by socialist countries this February on the reduction of armed forces and armaments in central Europe. This proposal presupposes the entering of an agreement concerned with the partial reduction of the number of troops and arms of the Soviet Union and United States, and the freezing of the military potential of other members of central Europe. The NATO states apparently accepted the draft of the first partial agreement, but are attempting to give it a content which does not appear to guarantee a true reduction of military confrontation in central Europe. The West proposes a considerably lower initial reduction of troops of the Soviet Union and United States and excludes armaments from the reduction which would enable their increase or modernization.

The head of the Soviet delegation, Ambassador Valerian Mikhaylov, stated that the socialist countries will naturally thoroughly study whether the Western conception could contribute to overcoming the deadlock in the talks and reaching concrete results.

STROUGAL HOLDS TALKS WITH BCP'S FILIPOV

LD052053 Prague Domestic Service in Czech 1730 GMT 5 Dec 85

[Excerpts] Talks between CSSR Federal Premier Lubomir Strougal and Grisha Filipov, chairman of the Bulgarian Council of Ministers opened at the Hrzan Palace in Prague this afternoon.

During the talks, Lubomir Strougal and Grisha Filipov briefed each other in detail about the fulfillment of the guidelines establishment by the congresses of both Communist parties for the political, economic and social development of Czechoslovakia and Bulgaria in 1981-1985. They emphasized the results achieved by both countries in the fulfillment of their 5-year plans, and they characterized the main tasks connected with the preparation of party congresses and 5-year plans for the economic development of the national economies in 1986-1990. They emphasized that during this stage in Czechoslovakia and Bulgaria there will be an intensification of the economy and an acceleration of scientific and technological development in the most important sectors of the national economy.

Lubomir Strougal and Grisha Filipov praised the results achieved in the development of political, economic and cultural relations between both countries; they emphasized that both sides are interested in consistently widening and enriching this joint action with new forms of cooperation. They gave great attention to the further deepening of scientific and technological cooperation and production cooperation and specialization. Evaluating the present international situation, Lubomir Strougal and Grisha Filipov emphasized the importance of the summit meeting between Mikhail Gorbachev and Ronald Reagan in Geneva, and the relevance of the Sofia Declaration from the October session of the Warsaw Pact's Political Consultative Committee, a document striving for the normalization of international relations, the strengthening of peace, and the development of fruitful cooperation on a world scale.

FORMER TV HEAD WELCOMES DUBCEK STATEMENTS

PM031115 Rome AVANTI! in Italian 26 Nov 85 pp 1, 16

[Unattributed interview with Socialist deputy to the European Parliament, former head of Czechoslovak television Jiri Pelikan; date, place not given]

[Excerpt] Question: What is the political significance of Dubcek's statement?

Answer: Dubeck's letter is politically important because it confirms that he is not allowing himself to be condemned to silence or to the private life of a man who is completely finished, as the normalization regime would have us believe. Dubcek defends his political action in 1968 with great human dignity. This is all the more important because he is responding at a time when the policy pursued by Brezhnev, who was also responsibile for the August 1968 military intervention, is being criticized by the new Gorbachev leadership and when new changes are expected in connection with the next CPSU congress, in February 1986.

Question: What do you think of the interpretation given by one sector of the Italian and German press, which sees Dubcek's letter as linked to the new Moscow with regard to Czechoslovakia?

Answer: Dubcek's letter is first and foremost his spontaneous reaction to Bilak's statements, published by the German weekly DER SPIEGEL and reprinted by RUDE PRAVO and the Czechoslovak press. But the new atmosphere in Moscow since Gorbachev's accession to power has undoubtedly played a part, though it would be an exaggeration to talk in terms of a new wind from Moscow. The fact is that Gorbachev does not feel bound to the Brezhnev leadership group's August 1968 decisions and would probably rather avoid polemics on that option for a military intervention.

Question: Some German observers say that Bilak's sally is connected to the power struggle at the top in Prague, where preparations are under way for the Czechoslovak Communist Party congress and where there is talk of a possible successor to the elderly Husak.

Answer: Perhaps Bilak wanted this publicity in order to present himself at the congress not just as the leader of the local conservatives but also as a politician of international status. But I do not believe that, at this time of changes in the Soviet Union, Gorbachev needs upheavals in the Soviet bloc countries, too. I believe, rather, that he needs tranquillity and the consolidation of what already exists. Thus Husak rather than Bilak can serve Moscow as the guarantor of stability.

Question: What are the consequences of the Geneva summit with regard to the development of the situation in Czechoslovkia and the other Soviet bloc countries?

Answer: The spirit of Geneva can have only a positive consequences for the domestic situation in Czechoslovakia and the other Eastern bloc countries. It will be increas ingly difficult to justify the persecution of citizens who see things differently and the other descriminatory measures in terms of the threat of U.S. imperialism, when Soviet leaders shake hands and conduct dialogue with its representatives. While international tension facilitates Stalinism and a dogmatic policy, detente facilitates conomic and political reforms.

It is no coincidence that at this very moment the Charter 77 civil rights movement has called on the Czechoslovak leadership bodies and public to engage in a lengthy debate on economic reforms, proceeding from Hungary's experience....

Question: How do you judge the fact that L'UNITA published Dubcek's letter?

Answer: As a very positive factor, because Dubcek turned to L'UNITA and that newspaper allowed him to speak out. This confirms the PCI's desire to defend its international autonomy, especially with regard to the communist movement. Furthermore, the fact that this has happened just before the Moscow visit of PCI Secretary General Natta and the PCI delegation is no small matter.

BILAK RECEIVES CPSU OFFICIAL KUZNETSOV

LD042214 Bratislava Domestic Service in Slovak 2030 GMT 4 Dec 85

[Text] Vasil Bilak, member of the Presidium and secretary of the CPCZ Central Committee, received in Prague today Marat Kuznetsov, sector chief of a CPSU Central Committee Department [name and title as heard]. They discussed the plan of further development of cooperation between the two fraternal communist parties for the next 2 years.

ITALIAN FOREIGN MINISTER ARRIVES FOR TALKS

LD060933 Prague Domestic Service in Czech and Slovak 0900 GMT 6 Dec 85

[Text] Italian Foreign Minister Giulio Andreotti arrived by air from Rome today. The visit is taking place at the invitation of Czechoslovak Foreign Minister Bhohuslav Chnoupek. The two ministers will discuss the results of the recent Geneva meeting between Mikhail Gorbachev and Ronald Reagan and will assess relations between Czechoslovakia and Italy.

BRIEFS

GRAIN, FOOD PRODUCTION -- Vladislav Treska, Czech minister of agriculture and food, gave a press conference today. He said that the grain production plan for last year was fulfilled; no import of grain fodder is necessary and there is still some grain fodder left in storage. Good results were achieved also for fodder grass, leguminous plants, sugar beet, and other plants. However, results were not as good for fruits, vegetables, and potatoes. In livestock production, grain fodder consumption has been cut and utility value increased. Food producers are in a position to satisfy the home markets with all basic foodstuff. In the future, food producers and agricultural enterprises are to concentrate on reducing costs and increasing efficiency. Agricultural enterprises are not to increase their output whatever the cost, because only production up to 1 or 3 percent over the plan will be desirable. The remainder of the production will be purchases by food processing enterprises for an agreed price, which could be substantially lower. This applies especially to the case of livestock production. [Summary] [Prague Domestic Service in Czech 1730 GMT 4 Dec 85 LD]

HONECKER HOLDS TALKS WITH USSR'S KULIKOV

LD051609 East Berlin ADN International Service in German 1536 GMT 5 Dec 85

[Text] Berlin, 5 Dec (ADN) -- Erich Honecker, general secretary of the SED Central Committee, chairman of the GDR State Council and chairman of the GDR National Defense Council, received Marshal of the Soviet Union Viktor Kulikov, commander in chief of the Warsaw Pact's Joint Armed Forces, on Thursday [5 December] at the seat of the SED Central Committee.

Marshal of the Soviet Union Kulikov told him about the productive cooperation of the fraternal armies in the process of political, operational, and combat training to ensure a consistently high combat strength and fighting readiness.

During their cordial meeting, Erich Honecker thanked the commander in chief for the continual help and support which he personally and the staff of Warsaw Pact's Joint Armed Forces have given the National People's Army (NVA) in fulfilling its military class mission. He stressed that the GDR will continue to make a contribution to the all-round strengthening of socialism and to the reliable defense of its achievements and of peace.

The meeting was attended by Egon Krenz, member of the Politburo and secretary of the SED Central Committee; Army General Heinz Hessler, minister of national defense; Colonel General Fritz Streletz, deputy chief of the main staff of the NVA and deputy defense minister; and Army General Anatoliy Gribkov, chief of staff of the Warsaw Pact's Joint Armed Forces.

HONECKER, LEADERS ATTEND HOFFMANN FUNERAL RITES

LD061048 East Berlin ADN International Service in German 0932 GMT 6 Dec 85

[Text] Berlin, 6 Dec (ADN) -- A moving act of state mourning for GDR Defense Minister Army General Heinz Hoffmann, member of the SED Central Committee Politburo who died 2 December, began today in Berlin. In the front rows of the Congress Hall in the SED Central Committee building, together with the widow, Gisela Hoffmann, and other family members, were Erich Honecker, general secretary of the SED Central Committee and chairman of the State Council of the GDR; Willi Stoph, chairman of the Council of Ministers; Horst Sindermann, president of the People's Chamber; other party and state leaders, friends and comrades-in-arms from home and abroad, including ministers and high-ranking officers from the fraternal socialist countries, and members of the diplomatic corps.

The funeral oration was given by Egon Krenz, Politburo member and secretary of the SED Central Committee.

BORDER COMMISSION TALKS BEGIN WITH FRG

Elbe River Likely Topic

LD042304 Hamburg DPA in German 1657 GMT 4 Dec 85

[Text] Leipzig, 4 Dec (DPA) -- The joint border commission of the two German states began a 2-day session today in Leipzig.

The subjects under discussion are likely to include the controversial issue of the border along the Elbe River. In the last meeting Volkmar Fenzlein, head of the GDR delegation, produced documents which allegedly verified the GDR position to the effect that the border is on the northeastern bank of the Elbe.

No Agreement Reached

LD051530 Hamburg DPA in German 1322 GMT 5 Dec 85

[Text] Leipzig, 5 Dec (DPA) -- The positions of the two German states on the line of the Elbe border remain unchanged. After the 75th session of the joint border commission, Irmgard von Rottenburg, head of the Federal German delegation, said today in Leipzig that differing views were again expressed.

While the FRG takes the view that the northeastern bank of the Elbe forms the border, the GDR demands fixing its course in the middle of the river between Schnackenburg and Lauenburg.

Volkmar Fenzlein, head of the GDR delegation, said in Leipzig that the Basic Treaty obliges the two sides to find a solution. From a legal point of view there is sufficient clarity and basis "to achieve a result with this last piece of border as well." In this connection Fenzlein refered to the documents presented by the GDR, according to which the Soviet and British occupying powers at the time assumed that the border ran along the middle of the river.

The next session of the border commission is planned for 27-28 February in the GDR.

FELFE INTERVIEWED ON GENEVA, INTRA-GERMAN ISSUES

DW051135 Mainz ZDR Television Network in German 1915 GMT 4 Dec 85

[Interview with SED Politburo Member Werner Felfe by correspondent Joachim Jauer in Bonn, date not given; from the "Kennzeichen D" program -- recorded]

[Text] [Jauer] Mr Felfe, the United States and the USSR concluded a cultural agreement in Geneva. Do you think that the two German states will also be ready to sign such an agreement?

[Felfe] As far as I know our side considers the cultural agreement ready to sign.

[Jauer] Without any difficulties?

[Felfe] As far as I know the problems have been thoroughly discussed and as far as our side is concerned there is approval of all that has been stipulated to date.

[Jauer] Including West Berlin?

[Felfe] West Berlin is an independent entity and is not included in the cultural agreement, according to its four-power status.

[Jauer] Could West Berlin participate in this cultural agreement in some form? What do you think?

[Felfe] I cannot say that right now. But we treat West Berlin in accordance with applicable international law and respect the quadripartite agreement. If that is also true of the Federal Republic, then there is a chance of concluding agreements such as those envisaged in the cultural agreement.

[Jauer] Mr Felfe, do you think Geneva has made possible a new warming trend in relations between the two German states?

[Felfe] On the whole, Geneva was an outstanding event for the creation of new options to safeguard peace. Both German states are included in international developments. So if it is possible to exploit those options and carry out a policy of disarmament and not militarize space, it will no doubt have positive effects on the two German states and their relations.

[Felfe] Does the GDR see greater leeway for action after Geneva?

[Felfe] We are a solid partner in the Warsaw Pact system. Within that framework we have always lived up to our alliance commitments and utilized the leeway we have to fulfill that mandate in our common interest.

[Jauer] Do you see such leeway as broader now?

[Felfe] The leeway has always existed for us within our pact system.

[Jauer] In the context of Geneva, the chancellor has said that big waters pull along the small ones. Would you advocate a similar view?

[Felfe] You know, the chancellor derived that from a rustic proverb. Because I also work in a rustic field I can also say, conversely, that a big river emerges from many small streams. The small stream that becomes the big river naturally can determine the flow -- it can either trouble or clear the water -- so that every state can make a positive contribution to further development, as was reflected by Geneva.

E. BERLIN 'INFORMED CIRCLES' ON FRG CULTURAL PACT

LD042343 Hamburg DPA in German 1656 GMT 4 Dec 85

[Excerpt] East Berlin 4 Dec (DPA) -- The cultural agreement names a series of areas for cooperation, ranging from exchanges in education and science to youth exchange and sport. Informed circles in East Berlin state that it provides for the exchange of scientists and students, exchanges in the sphere of art, in the publishing and library sector, access to archives, the exchange of information in various spheres, and advance notification of meetings, congresses, cultural anniversaries and artistic competitions.

It was said that some areas would be defined more concretely in later programs in which West Berlin could also be included. Cultural exchanges on a commercial basis, which are already conducted to a limited extent, are also to be promoted.

'NOTHING NEW' SEEN IN NATO'S MBFR PROPOSAL

LD052225 Budapest Domestic Service in Hungarian 2100 GMT 5 Dec 85

[Text] The NATO countries have submitted a proposal at the closing session of the Vienna talks on arms reduction concerning the limitation of Soviet and U.S. forces. Andras Heltay, MTI's Vienna correspondent, gives details:

NATO attaches high hopes to its proposal submitted here today, but unfortunately it has produced nothing new. The West has gone so far as to temporarily shelve the futile 12-year-old argument about how many troops the two alliances have in central Europe. But the proposed reduction -- the withdrawal of 5,000 U.S. and 11,000 Soviet troops from the millions of others, and without their weapons -- could at best serve only as a symbol. NATO would couple even this tiny reduction with huge on-site inspections, which is as much of a long-standing, complex, and touchy issue here as that of the members involved. The Soviet ambassador has promised careful study, but he added that there is no cause for optimism on the basis of these new ideas which are really old ideas.

GOVERNMENT APPOINTS NEW DEPUTY INDUSTRY MINISTER

LD052307 Budapest Domestic Service in Hungarian 1730 GMT 5 Dec 85

[Text] The Council of Ministers has appointed a new deputy minister of industry in the person of Arpad Voeros. His predecessor, Andras Gabor, has been relieved of his post though his work was recognized.

MSZMP CENTRAL COMMITTEE RELEASES COMMUNIQUE

LD051918 Budapest Domestic Service in Hungarian 1730 GMT 5 Dec 85

[Communique of MSZMP Central Committee session held 4 December.1985 in Budapest]

[Text] The MSZMP Central Committee held a session on Wednesday [4 December] At the session the body debated and approved the briefing by First Secretary Janos Kadar on the Prague meeting of the Warsaw Pact party leaders as well as the proposals contained in the report by Ferenc Havasi, member of the Politburo and secretary of the Central Committee, relating to the guidelines of next year's national economic plan and state budget.

The Central Committee listened to a briefing on the Prague meeting on 25 November between the Warsaw Pact party leaders, where Mikhail Gorbachev, general secretary of the CPSU Central Committee, briefed the participants on the Soviet-American summit meeting in Geneva.

The Prague meeting successfully served to coordinate the socialist countries' foreign policy. The Central Committee is in agreement with the Soviet stance represented at the Geneva summit meeting by Mikhail Gorbachev, which fully accords with the Warsaw Pact countries' united foreign policy endeavors and expressed the will for peace of the peoples of the world.

At the summit meeting, taking account of the possible serious consequences, it was stated that any kind of armed conflict between the two sides must be forestalled.

It was stated that there will be no striving to attain military superiority over each other, and that discussions must be accelerated to eliminate the space arms race, and to limit and reduce nuclear weapons.

The Central Committee expressed the hope of the Hungarian leadership and of our people that the summit meeting will contribute to substantial progress at the Soviet-American arms limitation talks and will have a favorable effect on the work of East-West forums, above all the Stockholm Conference dealing with European security and confidence-building measures, as well as on the Vienna discussions on central European forces and arms reduction.

The Central Committee has reaffirmed that the MSZMP and the Hungarian People's Republic, in harmony with our people's interests, will also in the future undertake its share in the realization of the socialist countries' peace efforts, in the joint efforts aimed at curbing the arms race, and in strengthening international security.

The Central Committee evaluated the experiences of the work of economic construction in the current year; it discussed and approved the guidelines of the national economic plan and state budget for next year.

The body stated that the development of this year's economy falls short of the plan targets; the increase in production and in the national income is less than the target. A part is played in this by the insufficient improvement in management and leadership work; the colder than usual winter caused a considerable shortfall in production and excess costs, and opportunities to sell on the external markets have deteriorated.

The positive balance in foreign trade is less than was planned; internal consumption has developed in accordance with the plan.

In line with the targets, the real income and consumption of the population has increased by 1 percent; nominal incomes are increasing by 8 and the level of prices by 7 percent. The supply of foodstuffs is stable and adequate; the supply of construction materials is improving. The supply of fuel and industrial durable consumer goods is not, however, satisfactory.

Next year, in line with the Seventh 5-Year Plan, with the development of economic management, with the realization of the socioeconomic programs that have been announced, with improvements in the efficiency of economic work, the rate of economic growth must be accelerated and the foreign trade balance must be further improved. The goal is that the quality of life should improve in line with the economic performance.

Industry is to make a greater contribution to the national income and is to increase its exports considerably. It is necessary to continue the modernization of the enterprise organizational system and to complete the switch to new forms of enterprise management. The construction industry is to fulfill demands in a more organized manner, at a higher qualitative level and meeting the deadlines, by making better use of the available capacity.

In agriculture an increase in production and exports must be ensured through higher yields, by a reduction in the inputs of materials and energy, and by providing a supply of goods in line with demand.

External economic relations are to expand further. A larger export surplus must be attained by increasing exports more dynamically than in the current year. With the Soviet Union and the other CEMA states we must deepen planned economic cooperation and the direct relations between enterprises and institutions. We are endeavoring to expand cooperation and trade with every socialist country. We are expanding our economic relations with the developed capitalist countries and the developing countries on the basis of mutual advantages.

According to the stance adopted by the Central Committee the real income and consumption of the population should increase by about 1 percent next year. Monetary incomes should increase by 6 percent, social benefits by 7 percent, and average earning should grow by between 5 and 5.5 percent. In remunerations, differentiation in accordance with productivity and work efficiency should be strengthened. Within a more narrow band central wage measures will also be adopted.

From 1 January special wage increases will be awarded to people working in coal-mining and at the coal-face, to managers directly involved in production and to their assistants.

It will be possible to increase the level of consumer prices by 5 percent. New central price measures will take place only in a restricted sphere. The supervision of prices must become stricter, unjustified rises in producer and consumer prices must be prevented. The equilibrium between the goods available and purchasing power must be secured, the standard of goods supply must be maintained. The choice of durable consumer goods and clothing items must be widened. An adequate supply of the population's winter fuel must be secured.

The Central Committee recommends, in the interest of improving the social security of old people and families with small children, that the duration of eligibility for child care allowance be extended until the child is 18 months old, and an increase by 5 percent -- or by a minimum of 150 forints -- of pensions for people over 70. This should take place on 1 January. The further improvement of living conditions should be facilitated by the construction of between 63,000 and 67,000 new dwellings. In order to offset the increased costs, sociopolitical support must be increased, and the ceiling on credits provided for home building and home purchase must be raised.

The Central Communique points out that the fulfillment of next year's economic policy tasks requires responsible economic and political work. The major method for attaining these goals should be to raise the standard of administration and economic management and to improve organization. Party organizations should endeavor first and foremost to assert economic policy in their political work, and to attain the goals set, increase efficiency, and profitability, improve quality and to act in accordance with these aims. The Central Committee calls upon the leading bodies of mass organizations and social movements to mobilize their membership for the implementation of next year's plan.

The Central Committee went on to approve it its session on Wednesday its working program for next year. It made recommendations for filling the vacancy on the Presidential Council, and it appointed Gabor Borbely, member of the Central Committee and secretary of the Budapest Party Committee, to the post of editor in chief of NEPSZABADSAG, the party central daily.

CSERVENKA, DELEGATION VISIT BRITISH PARLIAMENT

LD051432 Budapest MTI in English 0600 GMT 5 Dec 85

[Text] London, December 4 (MTI) -- A parliamentary delegation, headed by Ilona Cservenka, vice-president of the National Assembly, arrived here Monday [2 December].

On Tuesday deputies were showed around the British Parliament by Ian Mikardo, president of the Hungarian-British Parliamentary group. Deputies then were informed on British legislation. They took part in a meeting of the House of Commons and were briefed on the work of the House of Lords. Speaker Bernard Weatherill gave a dinner in honour of the delegation.

David Crouch, president of the British Interparliamentary Group, gave a dinner in honour of the delegation Monday.

TRADE UNIONS' TASKS ENUMERATED IN 5-YEAR PLAN

AU031232 Budapest NEPSZAVA In Hungarian 30 Nov 85 p 3

["The Trade Union Tasks in the Activity of Promoting the Implementation of the Seventh 5-Year Plan and the Annual Plan for 1986 -- The Position of the National Council of Trade Unions"]

[Text] The economic policy conducted in the Sixth 5-Year Plan period has proved to be basically correct. As a result of the successful activity of the workers, the balance of the national economy has improved and the national income grew steadily, but to a lesser extent than planned. Our development was hindered by external economic circumstances, weakenesses in our own work, and in some cases by the lack of necessary measures. The consumption, real income, and living conditions of the population have increased and improved. Economic development fell behind requirements. It was only possible, therefore, to improve the balance situation by reducing investments and real wages and increasing consumer prices.

In accordance with the decision of the 13th MSZMP Congress, the Seventh 5-Year Plan set as its economic policy goal to carry out a more efficient development based on quality, to accelerate technological progress, and as a result of all this, to steadily improve the population's standard of living and living conditions. S Strengthening the external and internal balance is a tundamental task that will engage considerable forces, particularly in the first phase of the plan period.

The plan stipulates a more dynamic realistic growth than previously. National income will increase by 15-17 percent, population consumption will increase by 8-10 percent, and real wages will increase by about 5 percent in 5 years.

The resources that can be turned to production development will increase between 1986 and 1990. Industry, and first of all the processing industry and the food industry, will particularly develop in accordance with their importance for the national economy. According to the plan, the production structure of the construction industry will adjust better to requirements. Agricultural production, in harmony with domestic requirements and export possibilities, will continue to increase and efficiency will be improved.

Telecommunication, water management, and railroad transportation will be given an outstanding role in the production infrastructure. We will be able to use 3 percent of the national income for scientific research. Modernization of economic management will continue. The new elements of management will serve to encourage the national economy's income-producing capacity. The regulators will lend their primary support to profitable activities and the development possibilities of efficient enterprises will be greater. Making loss-making activities profitable or eliminating them will become a leading task. The organizational system, banking, and market activity will be further modernized. The plan stipulates an increase in standard of living proportionate with performance. Real incomes will increase by an annual average of 1.7-2.0 percent. It will be possible to maintain the real value of pensions to a greater extent than before. The real value of the lowest pensions will increase. State support for child rearing will increase. Real wages, along with more incentive-oriented wage policy, will increase by an annual average of 1 percent. The rate of increase in consumer prices will considerably decrease. In addition to ensuring full employment, the modernization of the employment structure will come to the forefront. The 40-hour work week will gradually become general. Some 320,000-340,000 new homes will be constructed and the modernization of the housing stock will continue. The state of health supplies and basic health care will improve. The main goal in education is to develop the secondary schools.

The trade unions took part with great activity and responsibility in working out the plan proposal on the national economy. They have made numerous proposals for the plan concepts and the production-policy and standard-of-living-policy concepts, as well as for the concepts of further development of economic management. The trade unions agree with the MSZMP CC decision of 12 November 1985 and with the Seventh 5-Year Plan guidelines.

The trade unions must concentrate their production activity and management assistance on the implementation of the goals of the Seventh 5-Year Plan. The trade unions' paramount task now is to help, by developing the work competition movement, in adjusting to the new requirements. The trade unions should continue to encourage the principle of volunteering and stress the work place itself in the work competition. The brigade movement, which lays particular emphasis on quality goals, the socialization of innovations, and the comprehensive activity of workers, technicians, and economic experts, must be further developed. The activity of quality circles should be further increased.

The participants in work competitions, in addition to fair recognition, should also be given remuneration proportionate to performance. The socialist brigades should play an increased role in work place democracy; they should have more independence in work-related decisions. The socialist brigades' initiatives that help to shape our lifestyle and serve social goals must be used to achieve a genuine improvement in the implementation of tasks.

The trade unions' main task in agitation and propaganda is to make the goals of the national economy understood and accepted, and to mobilize the people to take a genuine part in working out the tasks of their work place and successfully implementing the enterprise plan. Trade union education should deal in particular with the tasks of economic activity.

Taking into consideration also the guidelines of the Presidium of the National Council of Trade Unions, the trade union bodies should help the enterprises in their planning activity.

It is an important task for the enterprise plans to ensure the implementation of national economy plans. The enterprise trade union bodies should pay greater attention also during the planning period to efficient cooperation with the new leading bodies, to the correct distribution of labor, and to the improvement on the content of work place democracy.

The trade unions support the government programs assisting in the implementation of the Seventh 5-Year Plan. Material saving and rational energy management should be made an organic part of the work movements. The trade unions prepared a working program for the propagation of electrotechnology and robot technology and the implementation of this program will promote the utilization of new techniques and the workers' professional development. In order to achieve this, the material appreciation and the working conditions of creative and efficient workers, especially technical-economic white-collar workers, must be improved.

The improvement in the level of manpower management should also promote the strengthening of work discipline. The trade unions support economic leaders who are consistent in this respect. Along with maintaining full employment, we must support the more efficient management of enterprise manpower and the increase in the role of the main working hours. The trade unions should encourage the necessary manpower regrouping to be carried out with adequate harmonization of interests. If necessary, workers should be provided with adequate retraining.

The trade unions consider it necessary to continue to modernize economic management. The regulations should provide more incentive and be consistent. Further measures to improve the contractual and cooperation relations among enterprises are needed.

The trade unions should take part with great responsibility in the implementation of the plan's policy goals as it affects the standard of living. The planned increase in real wages must be successfully achieved, and wages differentiated and proportionate to performance and work done. The income differences resulting from good work should be more clearly recognized and the support of entire membership should be won for this.

The planned reduction of the increase in consumer prices can be implemented mainly through the production structure, efficiency, reduction of expenses, and through an increase in productivity. In helping to assert these goals, the trade unions demand a more efficient state supervision of consumer prices. They should contribute to the planned reduction in consumer prices also by improving their own control activity.

The trade unions consider it important for the principle of social justice and the prevention of the development of social tensions to be asserted in social policy, in addition to the principle of need. We support maintaining social acceptance of allowances aimed at easing family burdens, including the real value of family allowances and scholarships. The real value of pensions must be maintained in an increasing number of cases.

There is a need to encourage the improvement of the housing supply, especially for young couples and lower income families with many children. An important task is to modernize the technological conditions of medical care, basic health care, and to prevent illnesses. There is also a need to promote the expansion of the network of institutions for old age care.

We encourage the good supply of the population and the improvement of services. These must be better adjusted to demands, healthy nutrition, and basic social needs, as well as the social needs beyond this.

The implementation of the goals of area and settlement policy should reduce the unjustified difference between areas in economic development and living conditions.

The trade unions agree with the program of our socialist construction work for the next 5 years and wish to assist multilaterally in its implementation. By doing so they also with to serve our progress, the material and intellectual progress of our people, and to represent the interests of wage-earning and salaried workers.

AGREEMENT ABOLISHING VISAS SIGNED WITH SWEDEN

LD300637 Budapest Domestic Service in Hungarian 1730 GMT 29 Nov 85

[Text] There will be no need for visas in travel between Hungary and Sweden as of 1 January. The relevant agreement was signed in Budapest today. According to the agreement, the two countries' citizens will be able to travel to each other's countries without visas with valid passports of 1986.

CZINGE DISCUSSES COOPERATION WITH SRV MINISTER

LD030150 Budapest Domestic Service in Hungarian 1730 GMT 2 Dec 85

[Text] Deputy Premier Lajos Czinege has received SRV Foreign Trade Minister Le Khac. The present position of the two countries' economic cooperation and the main direction of its development were discussed at the talk.

MSZMP DELEGATION DEPARTS FOR ISRAELI CP MEETING

LD031948 Budapest International Service in English to Europe 1150 GMT 3 Dec 85

[Text] A delegation of the Hungarian Socialist Workers Party has left for Israel to attend the Communist party congress there. It is headed by Pal Romany, member of the Hungarian party's Central Committee.

BRIEFS

PUBLICATION ON GENEVA SUMMIT -- Budapest, December 2 (MTI) -- "Summit Moments", an illustrated publication on the November meeting of Mikhail Gorbachev and Ronald Reagan in Geneva has been brought out by the MTI Hungarian news agency. The MTI correspondents recorded their on-scene impressions with the subjectivity of an eyewitness. The 41 black-and-white and 19 colour photos and the brief accompanying text mainly provide an insight into the background of the summit meeting. In addition to the talks of the Soviet general secretary and the U.S. President, there are interesting photos on the programme of the two wives, the special security measures taken and the work of the large world press attendance. [Text] [Budapest MTI in English 1728 GMT 2 Dec 85 LD]

WEST'S MBFR REPLY 'DOES NOT INSPIRE OPTIMISM'

LD052251 Warsaw Domestic Service in Polish 1900 GMT 5 Dec 85

[Text] The 37th round of talks on the mutual reduction of forces and armaments in central Europe has ended in Vienna. The Western side presented a response to the proposals by socialist countries put forward in February of this year.

According to Soviet delegate Valerian Mikhaylov the response does not inspire optimism.

REACTION TO JARUZELSKI'S VISIT TO FRANCE REPORTED

'Return to Good Relations'

LD051351 Warsaw Domestic Service in Polish 0600 GMT 5 Dec 85

[Text] Wojciech Jaruzelski arrived in Tunis from Paris where he met with Francois Mitterrand, president of France. Whole columns in French papers are devoted to that conversation. It is also the leading subject of radio and television bulletins.

Great interest in the visit has certainly been expressed in dozens of requests for interviews addressed to the Polish leader and much time has been devoted to domestic arguments, 3 months before the elections. There are some who are trying to evade the issue and speculate on the motives for the visit. The main trend in the deliberations is after all, the current significance of the Jaruzelski-Mitterrand talk. The significance is deep and very emphatic. In fact, nobody can doubt it.

France, in the person of the president of the Republic, has recognized that it is time to depart from the campaign of recent years, the campaign of aversion or hostility toward Polish matters. All that has traditionally united the Polish and French people must prove to be stronger than temporary, often very superficial, feelings and opinions.

Thus, the Paris meeting can become the beginning of a gradual return to good relations between Paris and Warsaw. This is the experts' view, even though the meeting was a surprise to a considerable part of public opinion.

I shall only add that the press quotes extensively from the Polish leader's statements, both at the stairs of the Elysee Palace and in the VIP lounge at Orly airport. They are the subject of detailed assessments and analyses here.

'New Chapter' Opened

LD051322 Warsaw PAP in English 1100 GMT 5 Dec 85

[Text] Warsaw, Dec 5 [press review] -- The Jaruzelski-Mitterrand meeting is the biggest headline catcher in the Polish press today. Sidelined to it are frontpage reports on General Jaruzelski's statements and news conference in Paris airport just before his flight to TUnis.

Also figuring highly is the general's arrival in Tunis Wednesday evening, his arrival statement for the press and his preliminary conversation with the Tunisian prime minister.

The newspapers are replete with the top-level international reverberations of the Paris visit by the Polish president of the Council of State.

Among the noteworthy documents carried by the press is an extensive report on the implementation of the PUWP CC 19th Plenum resolution on the tasks of intelligentsia in Poland's socialist development.

In a despatch from Paris entitled "The Time of Realism", TRYBUNA LUDU correspondent gave the following evaluation of the Jaruzelski-Mitterrand meeting:

"I would not be wrong, I presume, if I say that a new chapter in (Polish-French) relations has been opened, better than the previous one. A political dialogue at the highest level has been resumed, and its course holds out the hope that other contacts will enliven and warm up in its wake. Economic cooperation and the trade, scientific and cultural exchanges will thus receive further stimuli for development.

"Somebody rightly has said that carrying that meeting into effect required courage on both sides. Poland, as it is known, has been treated by France like 'a shipping boy' for the past four years. The president of France has thought it suitable to correct that course at last. This can only please us -- not only because of the traditional bonds of friendship and sympathy linking our nations, but also because of the aims that both France and Poland are facing now: To save Europe from the worst. In the aspect of various pan-European problems, both our countries could find, after all, a wide scope of agreement and joint activity.

"And so the spirit of Geneva has finally arrived over Paris, too. It has served well the Polish-French summit. May it leave a strong and permanent impact also upon the future."

Concurring with TRYBUNA LUDU's opinion, ZYCIE WARSZAWY correspondent noted "the attempts made by circles ill-disposed to Poland to exploit the Jaruzelski visit in Paris for whipping up a bad mood, criticism and demonstrations.

"But on the other hand, (there was) the feeling that the meeting is a step in the process of expanding dialogue between the East and the West, which the world needs so much. [no end quotes as received]

The newspaper added that the "frozen" state of French-Polish relations "responded neither to the interests of Poland nor France.

"But President Francois Mitterrand ranks among those statesmen who can revise their foreign policy when they notice that it fails to meet the country's interests. One example is Chad, another is the Lebanon.

"The fact that others find it hard to accept such revisions, is another story."

JARUZELSKI ENDS TUNIS VISIT, DEPARTS FOR HOME

Second Day Activities

LD051755 Warsaw PAP in English 1716 GMT 5 Dec 85

[Text] Tunis, Dec 5 -- Polish President of the Council of State Wojciech Jaruzelski today wound up his tour of three North African countries Libya, Algeria and Tunisia.

PAP's Michal Czarnecki reports:

Wojciech Jaruzelski's second day of official visit to Tunisia began with the general's laying a wreath at the monument to the martyrs of the struggle for Tunisia's independence.

He then visited the museum located in a former Army prison where the founder of Tunisian independence Habib Bourguiba, today's president, had been held in maximum security conditions from April 9, 1938 till Nov. 18, 1939 after organizing a mass demonstration calling for independence.

The Polish president, accompanied by Tunisian Defence Minister Slaheddine Baly, saw also the Bardo museum with its very large collection of antique art.

He called on the Tunisian president at 11:30. The talk between both statesmen passed in a cordial atmosphere. Next President Bourguiba entertained Wojciech Jaruzelski and the Polish delegation to luncheon.

Also Polish-Tunisian plenary talks were held in the afternoon. They covered bilateral cooperation and included a review of the international situation.

Late in the afternoon, President of the Council of State Wojciech Jaruzelski and his entourage left Tunis for Poland. They were bidden farewell at the airport by Tunisian Prime Minister Mohamed Mzali and senior officials of the government and the Constitution-Socialist Party.

National anthems of both countries were played.

Short Return Interview Given

LD052212 Warsaw Domestic Service in Polish 2100 GMT 5 Dec 85

[Text] After his visit to African states and France, Chairman of the Council of State Wojciech Jaruzelski returned to Warsaw this evening.

At the airport he was welcomed by Roman Malinowski and Zbigniew Messner. Wojciech Jaruzelski gave a short interview for a television news representative:

[Begin recording] [Question] Comrade general can I ask you for a few words concerning your first impressions and feelings as you return home?

[Jaruzelski] You can judge by the expression on my face, I think it is quite cheerful? Joking aside, it is difficult in a short airport statement to assess visits to four distant countries and four capitals, full of talks, observations, meetings, and decisions. We will endeavor to inform the public in more detail in communiques after meetings of the supreme party and state authorities, in press conferences, and in various publications. I am sure they will provide exact and detailed information.

[Question] In all, these were four tough visits to various countries. Is there any common denominator?

[Jaruzelski] The common denominator is that all those countries, like Poland, strive for closer cooperation and hold the cause of peace close to them. I think we have made some small but essential contribution. I am very satisfied with the visits, and feel all were useful. I would not like to define each one, as each had a somewhat different character; there were different countries, different problems. Nevertheless, as I said, what we shared and what we regarded as most important stays most in my memory. [end recording]

LE FIGARO: CSSR-STYLE 'NORMALIZATION' DEVELOPING

PM051301 Paris LE FIGARO in French 3 Dec 85 p 3

[Bernard Margueritte dispatch: "Erosion of Power in Warsaw"]

[Text] Warsaw -- This time all the indications are that, despite appearances, General Jaruzelski has lost control over the situation and is no longer able to prevent the party apparatus from leading the country increasingly toward a Czechoslovak-style "normalization."

Evidence of this development is the purge launched in higher education establishments. Around 30 rectors (those of the Warsaw and Gdansk polytechnics and of Poznan University), vice rectors, and deans have just been suddenly fired from their posts. The most startling case is that of Wladyslaw Findeisen, rector of the Warsaw polytechnical school.

Indeed, this professor has always been loyal to the government, but at the same time he has tried to keep his dignity. At an emergency meeting two representatives of the Ministry of Higher Education and a delegate from the polytechnic's party cell announced the firing of the rector and three deans. The following pretexts were given: The school is "important" to the government. Its scientific results are "inadequate." The rector did not expressly support the new education law. The party cell and the Warsaw committee did not give him the vital "positive recommendation."

The rector added that a few days before, at the ministry, he had also been told that he was "not in control of the political situation" at the school, that "the academic year had started badly" (Solidarity pamphlets had been distributed, to the dismay of the rector's friends, who foresaw the consequences of this irresponsible action), that an "atmosphere of frustration" reigned in the school, and, finally, that "participation by students in the recent Sejm elections had been too low."

Professor Grabowski, the newly appointed rector, has long been known as a particularly obtuse apparatchik.

The Soviet Example

On Friday evening Rector Findeisen said an emotional goodbye to his teachers and students. A vast crowd gathered. Wladyslaw Findeisen left the school through a guard of honor. He was presented with a book in which teachers and students expressed in moving terms their affection for a rector who believed right to the end that socialism and dignity were compatible.

Unfortunately this is not the only lamentable development. The Polish press published the speech delivered by Gen Jaruzelski to a party ideological conference. It makes edifying reading: Poland should now progress "along the path of advanced socialism!" The inspiration of the Draft CPSU Program and its "creative interpretation in Comrade Gorbachev's speeches" must be followed. The first secretary also said that under the wing of foreign defenders of human rights "our internal enemy is acting, in return for millions of dollars distributed in the framework of services carried out, in secret and openly publicized foundations."

Gen Jaruzelski is certainly thinking of the "Solidarity" foundation recently set up by prominent Americans. But all indications are that he is also thinking of the foundation backed by the church to aid private agriculture. Moreover, he admitted that "ideological and philosophical conflicts and disputes" with the church "are and will be inevitable."

Tension is growing between church and state. The episcopate is outraged by the rejection of the appeal from a priest from Srokowo and by the fact that he was not only given a suspended prison sentence but was banned from teaching the catechism for 4 years! In any civilized country in which church and state are separate, the episcopate points out, the bishop alone has the power to say who may or may not teach the catechism.

The foundation to help private agriculture has failed to get off the ground. That is confirmed by an article in the magazine MYSL MARKSISTOWSKA (Marxist Thought). Its suthor states clearly that the foundation is "contrary to the principles of agricultural policy in People's Poland" and that the latter must solve its agrarian problems with "its own resources." In addition, new clashes are expected in the "crucifix war," since, the episcopate thinks the government is preparing to again forcibly remove crucifixes from some schools and workplaces.

Desire for Dialogue

This is happening despite Cardinal Glemp's desire for dialogue. In an interview with Italian Catholic weekly FAMILIA CRISTIANA, -- an interview destined to have a wide audience, and which has just been published in the Warsaw newspaper ZYCIE WARSZAWY, the primate admits that "people are weary. They have realized that constant protest is not reasonable and that it is time to stop." While the church will never stop preaching "the whole Gospel," it does not wish to "be used by anybody as a political tool." Cardinal Glemp protested against being so often portrayed as too willing to engage in dialogue with the government. He sees these attacks as "part of a political program." Similarly, he says that he agrees with the holy father and condemns press articles which state the contrary as "lies."

Questioned on his relations with Father Popieluszko, Cardinal Glemp gives replies that will cause quite a stir in opposition circles and abroad. He admits that he sometimes addressed "paternal reprimands" to the priest and warned him of the danger of "allowing himself to be led by people whose aims were primarily political."

As we have seen, this flexible attitude adopted by the primate is unfortunately not able to prevent "normalization." Moreover, a senior member of the episcopate told me in confidence in this connection: "The tightening up of the system means that confrontations are increasingly inevitable. How could this be otherwise when, on the one hand, the party apparatus feels increasingly sure of itself and when, on the other, the economic situation is becoming increasingly desperate, placing the country on the brink of bankruptcy?"

CARDINAL GLEMP SAYS POPIELUSZKO 'MANIPULATED'

AU031403 Paris AFP in English 1359 GMT 3 Dec 85

[Excerpts] Rome, Dec 3 (AFP) -- The Polish Primate, Jozef Cardinal Glemp, said here today that he believed Father Jerzy Popieluszko, the priest murdered by Poland's secret police in 1984, was "manipulated" by politically-motivated people outside the Catholic Church. Cardinal Glemp, expressing reservations about Father Popieluszko's pro-Solidarity activities, told the Italian weekly FAMILIA CRISTIANA, which appeared here today, that he thought the murdered priest was used by people whose aims were "above all political." "They made him almoner [as received] of the opposition groups to which he was attached," Cardinal Glemp said. "He was a victim in the full sense of the word."

He failed to indicate, however, who the "manipulators" may have been. Father Popieluszko, whose outspoken sermons at "masses for the homeland" in his Warsaw parish stirred the emotions of Poles, has become a cult figure in Poland since his murder.

Cardinal Glemp said dialogue now was indispensible if Poland wsas to progress and if its people were to have faith in it again. He said there had been some recent progress in Poland, whereas three years ago, "we thought the situation was getting worse" under the threat of hunger, continued rebellion and fear of a bloodbath. The primate also denied that he had ever intended to send Father Popieluszko to Rome as a means of ending his activities. He had passed on the advice of some of the priest's friends that he spend some time in Rome, but left it up to him to decide, he said. Father Popieluszko had replied that he would only go if ordered to do so -- an order he refused to give, Cardinal Glemp said.

The primate said he had not read the memoirs published clandestinely in Poland in which Father Popieluszko reported tough criticism from him. "I have to remind you of the circumstances in which he found himself," the cardinal said. "I advised (him) to be careful and not let himself be led astray by people whose objectives were above all political."

WALESA REPORTS TO PROSECUTOR'S OFFICE 5 DEC

AU051141 Paris AFP in English 1134 GMT 5 Dec 85

[Text] Warsaw, Dec 5 (AFP) -- Solidarity leader Lech Walesa appeared today at the Gdansk Prosecutor's Office as part of inquiries into a "defamation" charge made against him for contradicting official voting figures for legislative elections in October. Mr. Walesa, who was wearing a sweat shirt reading: "God and Fatherland", went to the office with his lawyer Jacek Taylor, union sources said in the northern port of Gdansk. He was reported to have given the prosecutor a statement saying "No-one will keep me silent, even if I have to be judged." Mr Walesa said he would continue "to fight for union rights in Poland" and that it was his "duty as president of Solidarity to publish credible voting results of the legislative elections."

The charge, which has a maximum punishment of two years prison, followed his statement that the number of voters in the elections were between 10 and 15 per cent lower than the official figure of 88.86 per cent. The Solidarity figures were based on a survey carried out by Solidarity supporters at polling stations. Union sources said that the prosecutor read out a long document laying out the accusation, which indicated that the enquiry was nearly finished.

Mr. Walesa was on sick leave till Wednesday [4 December] and has missed three previous appointments with the prosecutor. At a meeting there on November 6 he refused to answer questions and gave in a written statement. He is also under investigation for another charge made in February that he organised "illegal union activities," after police raided a Solidarity meeting in Gdansk. Mr Walesa recently reported that his telephone had been tapped since October 1.

Three other Solidarity leaders and sympathisers -- Wladyslaw Frasniuk, Bogdan Lis, and Adam Michnik -- who were also at the meeting raided by police -- have since been sentenced to jail terms of between two and half and three and a half years on the "illegal activities charge."

ELENA CEAUSESCU SPEECH TO SCIENCE CONGRESS

AU031303 Bucharest SCINTEIA in Romanian 29 Nov 85 p 2

[Speech by Elena Ceausescu, chairman of the National Council for Science and Technology, at the opening session of the Congress of Science and Education, on 28 November in Bucharest]

[Text] Esteemed Comrades, on authorization of the party Central Committee, the State Council, and the government, I declare the proceedings of the first Congress of Science and Education open. This congress is an event of great significance in our scientific and cultural life and in the development of our socialist fatherland. [loud applause]

On behalf of the participants in this congress and all those working in the field of science and education, I warmly welcome the party secretary general and president of the SR of Romania [loud applause; prolonged chants: "Ceausescu-RCP!"]. The secretary general's participation in the congress is further proof of the particular attention paid by our party leadership to science and education, as factors of decisive importance for the successful construction of a comprehensively developed socialist society and Romania's progress toward communism. [loud applause]

I would also like to warmly welcome other comrades from the party-state leadership and all delegates and guests who participate in the congress proceedings. [loud applause]

Within the framework of concerns with improving the leadership of all fields of activity and developing the workers-revolutionary democracy, our party-state leadership deems it necessary to unite the two bodies of science and education and set up a single body of democratic leadership, namely the National Council of Science and Education of the SR of Romania.

At the same time, each sector will have its own management bureau for all activity. We will thus ensure better and constant cooperation between science and education in attaining scientific-technical progress and more rapidly introducing the latest achievements of science and human knowledge in production and education.

One can say, therefore, that the present congress is of great importance and opens up new prospects for scientific research and educational activity, with a view to implementing the 13th party congress decisions on carrying out a new scientific-technical revolution and raising our fatherland to higher peaks of progress and civilization, [loud applause]

Esteemed comrades, the proceedings of the Congress of Science and Education take place at a most important time, when all working people and the entire nation resolutely work to expediently fulfill the 1985 plan, the entire 1981-85 5-Year Plan, and thoroughly prepare for the transition to fulfilling the Eighth 5-Year Plan, which will mark our country's entry into a new and higher stage of socioeconomic development.

The new 1986-90 5-Year Plan provides for the further socioeconomic development of the fatherland at a higher pace than in the current 5-year plan. At the same time, we will proceed from an extensive to an intensive development of industry, agriculture, and other national economic branches. We will pay particular attention to attaining a new quality of work and life for all people and we will raise the level of civilization and well-being of our socialist nation.

In the next 5-year period, we will have to resolutely work along the road of implementing the new scientific-technical revolution, an essential element of the implementation of the 13th congress dec sions and the party program. [lively applause]

Ever more important tasks devolve on scientific research and education in fulfilling the great targets of the new 5-year plan. Our congress must discuss, in a critical and self-critical spirit of high responsibility and exactingness, the activity carried out in the current 5-year plan to implement the party policy, both in the fields of science and education and in other sectors of activity.

At the same time, during our debates we must thoroughly examine and establish the measures necessary to unite the forces of research and education and strengthen cooperation with the productive sector, in order to unswervingly implement the 13th congress decisions and the party program for building a comprehensively developed socialist society and ensuring the country's progress toward communism.[lively applause]

Our congress must discuss in detail and adopt programs for scientific research and the training of cadres and manpower in the next 5-year period and up to the year 2000.

Scientific research should thoroughly engage itself in implementing research programs, drafting new technologies, and rapidly introducing into production the achievements of modern science and technology from all fields.

We must always bear in mind that the 13th congress decisions and the party program can only be attained on the basis of the latest achievements of science and technology and of human knowledge in general.

Therefore, the Congress of Science and Education -- which is taking place at the beginning of the Eighth 5-Year Plan and which will mark Romania's passage to a higher stage of development and foreshadows our fatherland's development up to the year 2000 -- must bring about an improvement in the activity in these important sectors. It must reflect the determination of the working people in scientific-technical research and education to work firmly and exactingly, along with all our people, to unswervingly fulfill the uniform socioeconomic development plan and the special programs for research and the introduction of technical progress established by the 13th congress. This will further increase science and education's contribution to the entire development of our socialist fatherland, to raising the material and intellectual living standard of the people, and to strengthening Romania's independence and sovereignty. [loud applause]

Under current conditions of the international situation, when the policy of armaments creates ever greater dangers for the peace and existence of peoples, and when a large part of the greatest achievements of modern science and technology are being used to create ever better mass destruction weapons, let us ensure that our congress proceedings strongly assert the desire of working people, and all our peoples, in research and education to unflinchingly implement the policy and initiatives of peace and disarmament promoted by our party and state and by the party secretary general and Romania's president! [loud and prolonged applause; chants: "Ceausescu-peace!"]

DASCALESCU RETURNS FROM GDR VISIT 4 DECEMBER

AU050820 Bucharest AGERPRES in English 2043 GMT 4 Dec 85

[Text] Bucharest AGERPRES 4/12/1985 -- On December 4 Constantin Dascalescu, member of the Executive Political Committee of the CC of the RCP, prime minister of Romania, returned to Bucharest from the GDR, where he paid an official visit of friendship.

The Romanian prime minister was accompanied by Gheorghe Petrescu, deputy prime minister, Ion Ceausescu, minister secretary of state, first deputy chairman of the State Planning Committee, and other officials.

MIODOWICZ, POLISH TRADE UNION DELEGATION VISIT

AU050821 Bucharest AGERPRES in English 2041 GMT 4 Dec 85

[Text] Bucharest, AGERPRES 4/12/1985 -- A delegation of the trade unions of Poland, headed by Alfred Miodowicz, member of the State Council and chairman of the All-Poland Trade Union Convention, now visiting Romania, conducted talks with a delegation of the general trade unions confederation of Romania, headed by Lina Ciobanu, member of the Executive Political Committee of the CC of the RCP, chairman of the GTUCR [General Union of Romanian Trade Unions] Central Council. On the occasion, information was exchanged on the achievements scored by the Romanian and Polish peoples in socialist construction, and on current concerns and talks of the trade unions in the two countries. Views were also exchanged on the evolution of the international life and the situation of the world TU movement.

YOUTH ASSOCIATION AWARDED UN JUBILEE MEDAL

AU031834 Bucharest AGERPRES in English 1732 GMT 3 Dec 85

[Text] Bucharest, AGERPRES 3/12/1985 -- The jubilee medal issued on the 40th anniversary of the United Nations was handed over within a ceremony in Bucharest, on December 3, to Nicu Ceausescu, first secretary of the CC of the UCY [Union of Communist Youth], chairman of the Romanian Youth and Students' Association for the United Nations (RYSAUN). The distinction, handed over by Noel D. Eichhorn, acting director of the UN Information Centre in Bucharest, was awarded to the RYSAUN as a recognition of the constant support and active participation of Romania, of the young generation to the promotion of the UN objectives, to the extension of the cooperation between the United Nations and the youth movement in the context of preparation and observance of the International Youth Year [IYY].

In his address on the occasion Nicu Ceausescu pointed out that the young people pinned their hopes on the United Nations which was called upon to debate and solve, in the interests of peoples, of the young generation, the big issues of our epoch -- peace, disarmament first of all, the New International Economic Order, the building of a better and more just world. As proved by the initiative of preparing and observing the IYY under the motto "Participation, development, peace," the youth-related questions prove to be of unanimous interest for all political decision-making factors.

The United Nations and its specialized agencies have the mission to work for a long-term and very responsible approach to the multiple questions regarding the current and future status of the young generation.

Romania's youth, the speaker concluded, is inspired by the wish to work in future as well in the spirit of the RCP and Romanian state's foreign policy, of the initiatives and actions promoted steadily by Romania's president on an international plane, for the accomplishment of the peoples' vital aspirations after peace, disarmament, national independence, justice and progress, in harmony with the noble ideals and values promoted by the United Nations Organization.

EXPECTATIONS FOR SHULTZ VISIT OUTLINED

LD051500 Belgrade TANJUG in English 1340 GMT 5 Dec 85

["Prior to Shultz Visit" -- TANJUG headline]

[Text] Belgrade, Dec 5 (TANJUG) -- Yugoslavia expects U.S. Secretary of State George Shultz's coming visit to Belgrade to give a fresh impetus to the expansion of mutually beneficial cooperation, and to reaffirm the principles upon which the two countries have successfully developed their relations so far.

A Yugoslav Foreign Secretariat spokesman said at a news conference here today that Shultz's visit to Yugoslavia is scheduled [word indistinct] December 17-18, and that he is expected to be received by President of the State Presidency Radovan Vlajkovic and Prime Minister Milka Planinc.

The spokesman said the visit will mark the continuation of the intensive high-level Yugoslav-U.S. dialogue on all issues of mutual concern, and confirm the two countries' readiness to further develop their cooperation and friendship on the basis of the principles of mutual respect, independence, sovereignty and non-interference, despite the well-known differences in their internal systems and international positions.

During George Shultz's forthcoming visit to Yugoslavia, views will be exchanged on the current questions of bilateral and international relations. Considerable attention, as announced, will be devoted to appraising possibilities for further promoting overall bilateral cooperation, particularly economic.

Belgrade expects a fruitful exchange of views on international political and economic problems, in view of the restoration of the Soviet-U.S. top-level dialogue at the Geneva summit, as well as the need for intensifying the negotiation process, dealing with disputes by peaceful means and more speedily resolving open problems and elminating crisis spots, with the participation of all countries and in the interests of the whole of the international community.

Special attention will be devoted to the situation in Europe and, in this context, to a more fruitful work of the Stockholm disarmament conference and to burning international economic problems, particularly between North and South, which is of the most direct interest to the Non-Aligned Movement, the developing countries and the international community as a whole, it was said at the press conference in Belgrade today.

ATTACK ON AMBASSADOR TO AUSTRALIA PROTESTED

LD051603 Belgrade TANJUG in English 1416 GMT 5 Dec 85

["Yugoslavia Lodges Protest With Australia" -- TANJUG headline]

[Text] Belgrade, Dec 5 (TANJUG) -- Australia's ambassador to Yugoslavia John Hoyl was called in to the Yugoslav Foreign Secretariat and handed a note strongly protesting against a recent incident during which the Yugoslav ambassador to Australia was attacked by anti-Yugoslav emigres in Canberra.

This was stated at a news conference here today by Yugoslav Foreign Secretariat spokesman Zeljko Jeglic. The Yugoslav Embassy in Canberra also lodged a protest with the Australian Foreign Ministry.

Yugoslavia once again pointed to Australia's impermissible tolerance towards the anti-Yugoslav activities of extremist emigre individuals and groups, said Jeglic.

Such activities, frequently repeated in Australia, violate the obligations of states to suppress international terrorism. They are aimed against the development of relations and cooperation between Yugoslavia and Australia. We expect that the perpetrators of this hostile act will be brought to trial and punished in an exemplary manner, the spokesman said.

The latest terrorist act occurred after the celebration in Canberra of November 29, the Yugoslav National Day, when a pro-Ustasha group attacked the ambassador and other Yugoslav representatives. The group stopped Ambassador Svetozar Starcevic's automobile, tore the Yugoslav pennant off the car and tried to rip it apart, all the while shouting gross insults at the Yugoslav representatives.

HUNGARY'S LAZAR COMING; SPOKESMAN COMMENTS ON TIES

LD051446 Belgrade TANJUG in English 1320 GMT 5 Dec 85

[Text] Belgrade, Dec 5 (TANJUG) -- Hungarian Prime Minister Gyorgy Lazar will pay an official and friendly visit to Yugoslavia on December 10-11 at the invitation of his Yugoslav counterpart Milka Planinc.

At a news conference here today, a Foreign Ministry spokesman said Yugoslav-Hungarian relations were developing favourably and that the two countries' cooperation was comprehensive, good-neighbourly and stable.

FOREIGN MINISTRY CITES TOPICS FOR CEAUSESCU VISIT

LD051353 Belgrade TANJUG in English 1306 GMT 5 Dec 85

[Text] Belgrade, Dec 5 (TANJUG) -- Romanian state and party leader Nicolae Ceausescu will pay a state visit to Yugoslavia on December 12-13. A Yugoslav Foreign Ministry spokesman said at a news conference here today that Ceausescu was invited to visit this country by Yugoslav Presidency President Radovan Vlajkovic and President of the League of Communists of Yugoslavia Presidency Vidoje Zarkovic.

During the visit, which will take place in the framework of the traditional annual meetings of the two countries' top leaders, the two sides will discuss the promotion of bilateral cooperation and international issues, centering on the Balkans and trends in Europe.

LCY SENDS MESSAGE TO ANGOLAN PARTY CONGRESS

LD41203 Belgrade TANJUG in English 2136 GMT 3 Dec 85

[Text] Luanda, December 3 (TANJUG) -- The League of Communists of Yugoslavia (LCY) Presidency today sent a message to the Second Congress of the Angolan party MPLA-PT [Popular Movement for the Liberation of Angola-Workers' Party], stating the conviction that the Angolan people will find the best ways and means to safeguard its sovereignty, national independence, and dignity.

The message, communicated to the MPLA-PT Congress today by LCY Presidency member and head of the LCY delegation to the Angolan Party Congress Georgije Jovicic, sharply condemned the aggressive policy of destablization pursued by the racist regime of the Republic of South Africa towards Angola and other neighbouring countries.

The message reiterated that Yugoslavia would continue to support the just liberation struggle waged by the people of Namibia under the leadership of SWAPO, the only legitimate representative [words indistinct].

The LCY message to the MPLA-PT Congress underscored the significance of a more active role of the movement of non-aligned countries, as a non-bloc and independent factor, in the current international relations burdened with bloc rivalry and foci of crises.

In the message, the LCY Presidency expressed the conviction that the next year's non-aligned summit in Harare, to whose success all members of the movement must make a common contribution, would mark an important state in the development of the movement and policy of non-alignment.

PLANINC SPEECH TO SFRY ASSEMBLY SESSION

LD272320 Belgrade TANJUG Domestic Service in Serbo-Croatian 0805 GMT 27 Nov 85

[Text] Belgrade, 27 Nov (TANJUG) -- The long-term program of economic stabilization is a comprehensive and all-embracing document which fairly accurately lays down the tasks and the directions relative to the changes of our economic and socioeconomic system. In so doing it explicitly emphasizes and presupposes comprehensive and uniformly directed and coordinated activity of all the subjects of our society as a precondition for a successful implementation of the program. This was the estimation of Milka Planinc, president of the Federal Executive Council (FEC), of the report on the implementation of the first stage of the long-term economic stabilization program and on the directions of its activity at the session today of the Federal Chamber and of the Chamber of the Republics and Provinces of the SFRY Assembly.

Proceeding from the assessment of world developments and from the objectively possible position and place of Yugoslavia in the international community, the report analyzes the deep-seated socioeconomic causes of the fact that we are falling behind and lays down the direction, methods, and ways of getting out of the crisis. From the beginning to the end -- and this particularly applies to its basic documents "Bases of Departure" and "The Final Document -- it carries the clear message that what is at stake is the need for deep, complex, and painful transformations whose objective is to make socialist self-management as a whole capable of operating as an economically efficient system. It points out that there can be no way out of the crisis and no further successful development unless the criterion of efficiency is confirmed in competition and in cooperation with the developed economies and far greater cooperation in the international division of labor.

Neither at the time when we adopted the long-term program nor now do we have the illusion that our economy has the ability to make changes to export production -- after its sluggishness over many years, its low productivity, and the way its been protected by an autarchic economic policy and other protectionist shields. Nor did we have any illusion about the willingness of the developed part of the world to carry out the changes that would make it possible for us and for other developing countries to make a significant breakthrough on the world market and to follow up on it. Instead, the world economic crisis is apparently held in check and controlled in a way that does not remove its basic reasons -- and they are primarily the problems of the development of the underdeveloped part of the world. Moreover, the consequences of the crisis continued to be passed on as much as possible to the developing countries.

I am mentioning this only to draw attention to the conditions in which we are implementing the stabilization program.

The efforts to establish equal relations, in the sense of establishing a new international economic system, parallel with full involvement of the developing countries and of the Nonaligned Movement, will be protracted and difficult. Realistic possibilities for even small changes are being created on the basis of the quest for some points of contact concerning the joint interests of the developed countries and the developing countries. This happens although the international conditions are more difficult than they had been. However, in the world as it is we must look for and find the best possible possibilities for the implementation of the objectives of the development and for the way out of the economic crisis.

The fact that during the elaboration of the long-term program not all our suspect accounts and deficits abroad and in our country had been fully realized and cleared up -- and also the fact that during the 2 years of work on the document ideopolitical differences on some essential questions had not been cleared up either -- only rendered more difficult and complicated the circumstances in which we are implementing the program. Instead of enjoying unity among the basic social and economic factors, confusion, ambiguity and expection and the accompanying work along the old track lasted a long time. In addition to the demands that all the preparations should be carried out fast and at once, completely contradicatory stands on individual major issues were expressed in the SFRY Assembly. Clear guidelines to those who were obliged to implement practical solutions were not forthcoming. It was left to the FEC, in addition to its daily work on resolving a host of difficult current problems, simultaneously to clarify the dilemmas and to give shape to the solutions. It had real and significant help from the Stabilization Commission in the form of proposals and advice. Ideopolitical clashes both on the substance of the program and on some specific orientations implicit in it were incited in the public by those who had taken part in its preparation. They did so immediately on the adoption of the document and especially in connection with every specific proposal regarding the changes. Not all of these differences have yet been quite surmounted. However, if we assess the program not only in terms of the number and quality of the regulations and measures that have been changed, but also in terms of the genuine changes in transforming social awareness and orientations, then we can certainly say that with our work on specific changes, accompanied by constructive efforts by many to devise the best solutions, we have attained a higher level of unity required for the implementation of the stabilization program in practice. Despite the attacks from various quarters, it is certain that the specific solutions proposed by the FEC have tightened up and consolidated the basic and all essential orientations of the stabilization program. This has now been done more with actual than verbal support and without alternatives as regards the concept of development which will make it possible for us to extricate ourselves from stagnation and crisis.

Three and 1/2 years ago, when this delegate composition placed confidence in the FEC composition and in me as its president, I am sure that we all knew that we were facing a most difficult and, as far as direct responsibility is concerned, a most delicate job under extremely unfavorable conditions. The direct work on the solution of the problems up to the present day has not only confirmed this but has emphasized it through new experience.

The full accounts concerning our relations with foreign countries were cleared up only in 1983, while dubious accounts and deficits -- accompanied by the knowledge that huge sums are involved -- are still being cleared up and solutions are sought for them to be overcome. All these things taken together created difficulties not only for the work of the FEC but also within the context of the overall activities in our society.

In the report we explained the extent of the negative consequences, which have had an impact up to the present day caused by the fact that in view of the situation which has arisen -- our country's complete insolvency vis-a-vis the foreign countries -- we had to set aside $4.5 billion in 1982 to pay off the debts which had fallen due. This has brought about a complete disruption as regards reproduction material supplies for the economy and the supplies for our population of some vital imported necessities. We were forced to enter negotiations with IMF representatives. To defer the repayment of capital due in 1983 we had to accept as the basic condition the stand-by arrangement, in which context the acceptance of the changeover to a realistic rate of exchange and rate of interest was the precondition to obtain any agreement at all.

This FEC is not so uninitiated economically as not to be able to grasp that the right sequence of moves would have been: First, settle the financial situation in the country -- eliminate these huge dubious dinar accounts and deficits -- so that a realistic rate of exchange and rate of interest could be based on a healthy state of the economy and, in so doing, acquire the scope for positive economic activities slated for them in the long-term program. However, since we are so vehemently and sharply attacked for not doing it that way, then surely I, too, have the right to ask: Why is this FEC called to task? I must ask this question because this is no longer incidental criticism by uninitiated people or people with superficial knowledge but an escalation toward a generally negative assessment of the work of the FEC and its responsibility for all our present troubles. This serious disruption in the economically logical sequence of moves could have been avoided if earlier, before 1982, the settlement of the financial situation in the country had been resolutely tackled. This would have been a less painful operation because at that time we were still living with a considerable size of additional accumulation from our foreign loans. Or it could have been avoided if earlier, when it became clear that the huge credits were not involved to the advantage of an increased foreign currency inflow, an attempt had been made in one way or another to defer repayment of these huge foreign currency credit sums. The present FEC had to do this and start negotiations as early as the end of 1982, but by that time we were up to our neck in the water.

The FEC sat on these benches on 15 May 1982, and as far as I remember the conclusions of the top leaderships of this country -- about stabilization, especially of the financial developments of the country, about the need to switch over to realistic economic factors in production and about the inevitability of reducing expenditure to the level of realistically acquired resources -- have been in existence since 1979, while Tito's warnings that we should cut our coat according to our cloth were given even earlier.

It is true that there began to be limits imposed on general and joint expenditure, but they were of modest dimensions, and the real sources of instability were not tackled. If it so happened that this was not done earlier because of the general circumstances in the country and primarily because of the unsettled finances in general and because of the unreadiness and disunity in the country prevented swallowing such a bitter pill, objectively speaking this question should be asked: What is the extent of the feeling for reality implied in the demand and expectation that what had been accumulating for years can be removed by urgent and, as people say, efficient, measures. And by what right can this be expected to be done only through the activity of the FEC?

It is true that as early as during the first negotiations with the IMF one of their essential conditions was to freeze personal income and reduce the money in circulation and the money issued by the banks to a realistic level, but within the framework of money in circulation on which the economy, on the condition that the economic and financial conditions were sorted out, had to and could function. Their financial experts could not fail to see the naked truth that a heap of money without cover was rolling in our economy.

And, since many people accuse us of having accepted the IMF monetarist policy, I must state for the sake of the public -- because this assembly was being kept informed about it -- that we did not accept that IMF demand. Parallel with their great insistence, and in accordance with simplified accounting operations, that would have sorted out both the dinar deficits and the dubious accounts in our country.

They were right in their calculations -- finances would have been sorted out under emergency procedure, financial discipline would have been introduced in the relations between work organizations and the banks, insolvent and cashless work organizations and banks would have gone into liquidation and this would have been coupled with a rapid and significant restriction on the social and personal standard of living. However, what is even more serious, according to their model a great number of workers would have remained without work.

The FEC strongly resisted this, with my personal involvement up to the most responsible IMF officials. They were told that it is we and not the IMF who are responsible for making the assessment where the critical point of the political, economic, and social possibility of our society is to bear the necessary burden and self-denial. In the final agreement, the IMF moderated its demands. We had to accept a realistic rate of exchange and rate of interest so that by rescheduling our debts we would obtain a breathing space to establish more or less normal production conditions -- that is, to gain the scope for the implementation of the long-term program. We fully understand that in addition to positive consequences the introduction of a realistic rate of exchange and rate of interest has brought about also negative consequences especially as regards an accelerated growth of inflation.

There are problems which can and must be resolved vigorously, urgently, and rapidly. However, something that has been accumulating for years, something that for years has been deeply entrenched as an inflationary method of economic activity and as an inflationary method of running the economy -- quite apart from the need for settled and above-the-board accounts -- calls for resolute moves along the long-term program line, not as a simple accounting operation but as a cogent operation coupled with complete and reciprocal efforts, self-denial and incentives by our society as a whole and of work organizations themselves -- with the objective of placing the healthy part of the economy, including that part which can be restructured within a reasonable period of time as a result of the changes in the economic program and through realization, into a financial position in which it can function in accordance with the economic and non-inflationary criteria.

In terms of our present knowledge and of the program which we have forwarded to you as the conditions required for the functioning of the foreign currency market, it is certain that several years will be required for the implementation of the overall program -- that is, to restructure the whole economy from the inflationary method of economic activity by placing it on healthy relations, parallel with respect for economic criteria, full financial discipline and also consolidation of the value of the dinar up to its convertibility.

However, it is certain that these forceful moves which essentially change both the picture of, and the situation in, every single organization of associated labor, bank, and the economy as a whole, can and must be taken by the end of this year and in the first quarter of the next year. Of course, this presupposes full mobilization of organizations of associated labor and the banks, and the full collaboration and cooperation of all those who will be deciding on it on the condition that we find the necessary strength to sacrifice small accounts for the sake of establishing the conditions for the improvement and possible new take-off by the major section of the Yugoslav economy.

The report speaks of the material results in the period of the implementation of the stabilization program. Everyone assesses them in his own way because our voluntarism entrenched in the past is still operating. According to it we can have everything provided we want it, and in particular everything can be done if the FEC provides the measures to back it up.

The degree of production growth that has been attained and special investments are not high; they are not of the kind to which we became used at the time of additional accumulation from abroad and miraculous financial constructions whereby one could build without a realistic cover in the accumulation one has earned. However, I personally believe that the economic results attained in 1984 and even those in 1985 should not be underestimated. I believe that the people in the economy evaluate the results in the same way, for they felt most directly the serious problems in 1982 and in the first half of 1983 when factory workshops had no reproduction material and the workers stood by their machines with nothing to do. The problem is that in our system, in our conduct, or indeed in our material relations, we have not yet overcome those deep-seated roots of the inflationary methods of economic activity, with the result that these incipient results are still brittle, unstable and without the necessary economic pressure and coercion for major structural changes along the line of the stabilization program.

Results achieved in relations with foreign countries are not to be underestimated either. Exports are still low, insufficient to satisfy even our most vital needs and particularly for our ambitions with respect to the strategy of the country's further development. But we have started with a high foreign deficit. For the third consecutive year our economy has been realizing what in our conditions is a significant balance of payment surplus. The picture of the state of affairs in our economy is still difficult, unstable. But still, it is different.

We have achieved this primarily be achieving results on the line of the stabilization program. Foreign creditors also make more favorable assessments. Owing to this we have succeeded in making an agreement with banks on medium-term reprogramming of a significant part of our obligations, and this with the support of a basically positive assessment by the IMF on our economic results. We are in a position to achieve something similar with governments of the countries whose debtors we are. And assuming that we end this economic year as well with results that are real and possible, all this will create prerequisites for us to leave the relation with the IMF according to standby arrangements in May next year, and that our relations continue under incomparably more moderate conditions. All together this creates an assumption that possibilities for entering normal channels of financial traffic and business activity with foreign countries will reopen relatively quickly for industry and the entire Yugoslav economy. This means that the efforts were not in vain and that they yielded results. These are assessments by foreign and international institutions which apply strict economic criteria; the objectivity of such assessments probably comes from the fact that they are made in the context of a very difficult economic situation in the whole world, a particularly dramatic situation of debtors' countries. Maybe that is why their estimates of possibilities and results are more realistic than ours. It would help to mention that in other debtor countries which are in a situation similar to ours, trends are identical (1984 relatively successful, 1985 bad). All of them are experiencing negative results of a sudden break in influx of additional accumulation for development.

With the implementation of the stabilization program significant results were also achieved in decreasing the burden on the economy of the bases of spending for general and joint expenditure. The share of income for financing general and joint expenditures in the social product of 1981 amounted to 32 percent; and in 1984, 27 percent -- that is, it was reduced by five index points, and even then it reached the level of the demand of the anti-inflation program for 1985. Otherwise the share of these incomes in 1978 amounted to 39 percent of the social product.

We have significantly relieved the economy with respect to expenses for budgets. While in 1978 the incomes of the federation budget alone participated with 10.2 percent in the social product, in 1984 the incomes of all budgets (federation, socialist republics, socialist autonomous provinces and municipalities) participated with 10 percent in the social product.

It is obvious that with further decrease of funds in these areas we cannot solve the problems of burdens on the economy. Moreover, with a continuous, basically linear decreasing of funds, the effectiveness of some socially vital functions was jeopardized. And there are difficulties with restructuring, rationalization of certain social activities and the overall social structure in the direction of increasing its effectiveness on the tasks of the stabilization program.

For tidying up our financial circumstances we have paid a price of a high rate of decline in assets for investments in basic funds for development. From the once exaggerated and unrealistic, approximately 40-percent share in the social product (1978), now the share of investments has fallen to less than 23 percent. That is below the limit necessary for serious ambitions with which we could achieve in a short term necessary structural changes. Therefore in the proposed social plan of Yugoslavia particular stress is laid on the need to direct meager accumulation primarily toward developing those activities that are part of the strategy of development and satisfy basic economic criteria, those that with relatively low investments quickly increase income and foreign exchange influx and contribute toward necessary structural changes and technological progress. Here it is necessary to take into account that additional foreign exchange assets in joint investments could be attracted only on condition that we create or accept production programs which will be effective and competent on the world market.

We have also paid a high price with the real decline in personal living standards down to the limit at which they could be halted as early as this year. It has been halted on the bases of increase in productivity in work organizations and replaced by a climbing line of the real growth of personal incomes. This process has already started since in the third quarter the total volume of personal income was in real terms higher by around 6 percent compared with a year before; with this the volume of incomes in a 9-month period has somewhat surpassed last year's volume. However, if everything remains on a linear indexing of personal incomes with the rate of inflation, without creating possibilities to start a positive process in this area -- that those who contribute to a speedier growth of social assets which they manage should realize the right to considerably higher personal incomes -- in our system it is not possible to ensure on a lasting basis a motivating force from an individual in a workplace to work organizations and the economy as a whole.

After difficult disruptions in 1982 and 1983, at the moment the supply of the market and the economy with raw materials is satisfactory. From a state of affairs that bordered on demands for wide introduction of rationing we have reached a situation when basically the relations between offer and demand are balanced.

What, in objective terms, gives most hope that we are on the good path is the fact that in many organizations of associated labor processes have opened up which speak of a new approach to production programs, associating and economizing with funds. When assessing material results of the implementation to date of the stabilization program we should not forget that it was and still is a time for rehabilitating the crisis state of affairs and not a time for expansion. So we must respect those first initial and modest results which working people achieved under very difficult and unstable conditions.

The Federal Executive Council cannot defend every measure of economic policy which it proposed and adopted, nor was it expected that in existing conditions they would be perfect. Under the obligation to react to a very complex situation, without reserves of goods, foreign exchange, or dinars, we have proposed and adopted exported measures; they have been proposed and adopted in situations when there is no other choice but to choose the lesser of two evels. This was particularly visible where prices were concerned. In our current situation -- low production and productivity, shortage of reserves -- administrative control of prices to reduce the rate of inflation leads to a lack of goods on the market. And conversely, the producer's possibility for increasing income by increasing prices enriches the market, but since our economy is still inflationary, prices are immediately increased above real expenses as an insurance policy against possible future administrative limitations. This still haunts us and will haunt us until we manage to overcome reproducing deficit and dubious elements in the economu and banks, until we have financial consolidation of the economy.

When it comes to material trends in past years, we must say several things in conclusion. In general, in assessments of the work and measures of the FEC, whether supported or criticized and attacked, it is often forgotten that the FEC'S competence and power are far less than expected from demands. With all our swearing that we respect the activity of objective economic laws, very often in contradictory demands and in many conclusions in which we ourselves sometimes took part, illusions and expectations have been created to the effect that it might suddenly and quickly be possible to solve all our deficits and imbalances, foreign and domestic, create material conditions for a speedier development, for quickly catching up with the progress of new technologies in the world and that while doing all this nothing else would be harmed.

Starting from our competence and obligations or in cooperation with other proponents o tasks, in the report we have extensively informed you about what the FEC has done on changes of systemic and other regulations in accordance with the demands of the stabilization program.

Besides all the difficulties and controversies I mentioned earlier, the FEC has prepared and proposed almost all changes of a lasting character from the area of the economic system required by the stabilization program. We have adopted or are about to adopt systems for finance and accounting, credit and banking, earning and distributing income, economic relations with foreign countries, social control of prices, planning, and for stimulating speedier development of insufficiently developed republics and the Socialist Autonomous Province of Kosovo. The system and policy of issuing money and the Law on the Economic Chamber of Yugoslavia are under preparation and have not yet been proposed to the SFRY Assembly.

A proposal of the medium-term plan of the development plan of Yugoslavia 1986-90 as well as the resolution on the economic policy for 1986 have already entered the procedure in the assembly. Their conception and content have been developed according to a recently adopted law on the bases of social planning and on the social plan of Yugolsavia.

You are acquainted in detail with all these laws and regulations. I shall make my comment on the main orientations and significance of these regulations on the assumption that the ones that are now in the final stage of the assembly procedure will be adopted. I believe that there are realistic conditions to expect this.

First of all, I should like to stress as most significant that all these laws together, regardless of whether and to what extent the best solutions have been found in every detail, with their wholeness, unity, and strength of conception represent a strong and developed basis for restructuring the entire economy in accordance with the demands of the stabilization program.

Bringing these systemic, lasting solutions into operation will in many ways stabilize the conditions of economic activity and considerably reduce the need for intervening, administrative interference in the process of production and reproduction. The FEC, finding itself in a forest of various, controversial, sometimes even completely contradictory interpretations of the orientations of the stabilization program and participants in its creation, working on specific changes in the economic system, has tried consistently and as fully as possible to build in systemic laws essential orientations of the stabilization program. The FEC Stabilization Commission has been a precious help and collaborator, particularly with respect to expert questions and nominal orientations. [passage indistinct]

In all laws the administration of social funds of reproduction has been regulated in such a way that the role of sociopolitical communities -- the federation, republics, provinces and municipalities -- is reduced to rights and obligations within the framework of the SFRY Constitution. Also, when it comes to the authorities of the FEC in implementing laws, the obligatory consensus of the republican and provincial organs has been put back within the framework of the Constitution.

With respect to the existing state of affairs there are significant and far-reaching changes. For example, in the law on the bases of the credit and banking system, articles which obliged banks to direct assets according to plans of sociopolitical communities without responsibility for achieving economic criteria have been abolished, as well as the article which explicitly gave the right to the sociopolitical community to direct assets from population savings on their territory. Instead of these, obligations have been built in for bank members and banks as financial institutions to invest where social assets, dinars, or foreign exchange more speedily multiply.

With the law on social control of prices, stress has been primarily laid on the right of producers to decide prices independnetly of the market, in relations of equality with producers with whom they are in mutually dependent relations in the process of production. It is contrary to the law to make monopoly agreements on prices between producers of the same goods. Unfortunately, this continuation of the old bad practice still goes on unpunished. Giving a priority role to producers, the law has abolished the previously established division of competence among the federation, republics and provinces in deciding prices of various goods, a feature which caused many disruptions of the united Yugoslav market and many price disparities, the result of administrative decisions which we have not yet managed to overcome. Apart from the basic orientation that producers decide prices on the basis of market conditions, the law gives wide authority to the FEC and the Federal Institute for Prices to intervene directly in cases of disruptions or monopolistic behavior. Municipalities also have a significant role in deciding prices of communal services.

The essential changes in the planning law -- around which polemics are still being conducted and qualifications are given to the effect that it is centralist and administrative -- are that the law regulates the role in planning according to the constitutional position of each subject in the development policy and reproduction.

The federation, according to its constitutional function, plans jointly established objectives, makes general outlines and establishes strategies of common interest for the entire country. It does not plan investments apart from those which, as their joint programs on the basis of self-management relations, are established by the so-called big systems, individual programs which, in the SFRY Assembly, as their joint ones are established by the republics and provinces, or joint programs of work organizations which they alone establish -- on condition that they satisfy economic criteria and are of interest for the entire country's economy.

With a superficial comparison of the proposals of the medium-term plan of Yugoslavia, which is being discussed now, and earlier plans of the country's development, anyone who is objective can establish that it is not a matter of centralism, particularly not of the administrative concentration of assets. But it is really a matter of the conspicuous integrating function of the plan of Yugoslavia on the line of the associated economy organized on the principles of self-management. It is a matter of a conscious orientation to oust a hitherto overstressed role of the representative organs of republics and provinces, not only from the law on planning, the law on social control of prices in the banking and monetary system, in the system of relations with foreign countries and other regulations, but also from planning acts and from the domain of reproduction. But we have not yielded to the danger of assessments taking the direction of federal centralism. This space, with the need for additional stimulative measures, is intended for self-management, its integrational function in the development policy following the logic of the worker's interest who, when managing social assets, is obliged to use them in the most rational way, so borders between sociopolitical communities are not an obstacle for successful development and associating. Certainly, with the new plan we are providing a significant basis for conducting an active joint development and economic policy oriented to creating conditions for overcoming stagnation, for a gradual economic recovery and resolving the crisis on the basis of the established orientation of the further strengthening of self-managing socioeconomic development of Yugoslav community.

The fact that Yugoslavia's medium-term plan for the period 1986-90 has remained incomplete, particularly in those parts that should convey the scope of the self-managing integration of the so-called big systems (of energy industry, railroads, post and telecommunications services) and of joint production programs and exports of mutually connected producers, I am convinced, does not indicate any wrong conception of the law. Unfortunately, it speaks of something else, of a disturbingly low level of self-managing integration of our economy. It also implies great stabilization experience [words indistinct] who should do what for the implemention of tasks to proceed in parallel and lead to a common objective. We talk about this in the report. Really, had we organized ourselves better and had everyone, according to his constitutional or social position, assumed his share of tasks from the stabilization program, we could have achieved more. I hope that systemic laws will be adopted, but these alone, no matter how well envisaged, will not ensure overcoming a delay in self-management development, strengthening its role and power in society as a whole, unless we also have a specific action of subjective factors for speeding up processes necessary in economic and social terms.

The report before you answers the question of what and how much the FEC has also done on other tasks in the implementation of the stabilization program. No matter how significant, I cannot comment on all of them.

In conclusion, I have decided to speak about what at this time is the most difficult and delicate theme -- in brief, inflation. I bring this up particularly because this is a problem around which various assessments are severely in conflict -- various, even completely contradictory proposals and ideas on how to approach tackling this problem. Inflation undoubtedly has a devastating effect on the entire process of reproduction, causes social problems and, if at the same time there are contradictory assessments on the reasons and particularly ways and prospects for a way out of this state of affairs, it could cause tension among the widest strata of population to a dangerous extent.

First, I should say that inflation is not caused by the system of socialist self-management, but by deviations in this system, deviating from the main postulate of managing income and social assets in general. The cause of inflation lies in a long-lasting state of affairs and systems in which the workers' right to manage social assets has not been implemented with a strict obligation to use social assets so that they are steadily increased and that subjects which use social assets must be capable of returning them regularly through the results of their work.

Second, according to economic logic it is completely untenable that our inflation -- as a phenomenon and in its size, and thereby in both method and time necessary for its overcoming -- should be compared with that of developed European countries. Unfortunately, we cannot draw any serious conclusions from the fact that such countries in our vicinity are our significant economic partners. This can only be accepted as a positive desire that starting from our social system we come closer to the state of affairs in those basically stable economies. But we must remember that their stability is achieved by economic relations functioning on profit logic, according to strict economic criteria, that they do not tolerate unpaid financial obligations and nonexistent asset distribution. In those economies insolvent enterprises and banks are rehabilitated with real assets or liquidated speedily, and workers left on the street.

Many people, particularly those who simplify things, see increased price liberalization as almost the only, most direct cause of high inflation. Their solution is, of course, the simplest -- administrative price regulation. I would first note that when price liberalization was highest, 30 percent of all prices were directly controlled by, in most cases, the FEC or municipal organs. Conditions have been tightened. However, I must stress that advocates of administrative price regulations have forgotten the other side of inflation. If its causes are not eliminated, the administratively regulated prices will only extenuate its seriousness and result in a weak market and shortages, empty shop shelves, "gray" prices, infringements of regulations, increased losses and, most worrisome, reproduction of an economic structure of increasing conformity to adminsitrative solutions and less to the demands of world and home markets, without which we can expect no progress.

No doubt the struggle against inflation must be the focus of our activity. However, if we are to have any success we must determine the real causes of our country's inflation and on that basis determine the most adequate way of curbing it. Inflation in our country is deeply rooted in the prolonged, still present inflation-conducive economic conditions and the inflationary way in which we conduct our economic policy. Under the more liberal price system, high inflation brings to the fore outstanding debts and deficits at home and abroad. Long ago one of our very prominent revolutionaries and comrades made this clear to me when he said: "Inflation is God's punishment for society's irrational behavior."

By implication, lasting results in the struggle against inflation can be achieved only if all changes envisaged by the stabilization program, soon to be adopted by the SFRY Assembly, are implemented. However, given the serious and destructive effect of inflation, this does not mean we can relax and wait for laborious and slow economic transformation in line with the laws and development policy, in the process of being adopted, to yield favorable results. We must reach an agreement on the causes of and cure for inflation. In the FEC's view, all economic measures and, in an emergency, administrative measures must be taken to reduce inflation as quickly as possible to a more acceptable level. We must be aware of its deeper causes and of the main direction and goals of our activity but, in view of the existing situation, we must set the most realistic methods of attaining that goal in the shortest time possible. Our path will sometimes follow the zig-zag line, sometimes we will have to avoid too hard a nut, but it is most important to remember the stabilization program's strategic guidelines. We must not lose our strategic orientation and must not go astray by taking nervous, hasty shortcuts or moving in one direction only.

Toward the end of our mandate the FEC, having gained much more information about the economy's and banks' outstanding debts and deficits, has begun formulating and preparing a program for the economy's financial consolidation. This will contain far-reaching and greater moves than before, since all previous ones were inadequate for creating material conditions in which the economy and banks could function in keeping with economic and market criteria.

Earlier I firmly defended with conviction and political responsibility all essential but complex future transformations that will result from changing our economic system along the lines of the long-term economic stabilization program.

However, I must stress, all that would result in failure if we imposed these changes in one fell swoop on the present [words indistinct] economic situation, in work organizations, [words indistinct] owing to idleness, irresponsible behavior, inappropriate production programs, incapable leaderships, weak professional groups and so forth, where, because of the situation and system in our society which lasted for several years and under which it was possible to use enormous social funds, either in dinars or foreign currency, without any obligation to increase or even repay them, when it was possible for major investments to be literally based on "construction projects", whose repayments could not be tolerated by even healthy and productive collectives.

To safeguard and successfully develop our socialist self-managing system, in accordance with the objectives of the long-term economic stabilization program, we must find the way to remove, by continued sacrifices and self-sacrifices, the deeply-rooted inflationary production method we have developed. We must find the way to remove -- in a suitable way within our limits -- the enormous burden from the time when bureaucratic-political voluntarism created conditions under which it was and had to be possible to achieve everything one wanted and that was described as being a "social need." It was the system in which it was possible to spend more than was generated, in which economic criteria and the criterium of generating income according to which social funds must be repaid with interest, was totally neglected and disappeared in the general euphoria over the high growth rate and the high rate at which funds were earmarked for investment without any obligation to generate higher returns than the funds invested.

Accounts available so far show that in work organizations the full force of the storm is still not being felt, and that most deficits and outstanding claims are concentrated in the banks. Banks, as intermediaries between the economy, the population and foreign countries, have completely lost and disturbed the link between their obligations and demands. Instead of using funds at their disposal to assist the able work organizations, they continue to turn toward various investments at the request of the socio-political communities. The negative difference, that is, the deficits in the entire Yugoslav banking system, rose to more than 2 trillion dinars in 1984. In addition to the poor liquidity and low profitability which cannot tolerate even the present considerably reduced costs of general and joint consumption, these are the main generators of inflation and its consequences created by its effect on the growth of prices and the interest and foreign exchange rates.

The basic aims and tasks of the stabilization program call for regulation of the financial trends and the establishment of strict financial disciplines. Measures being prepared by the FEC and the National Bank of Yugoslavia with a wide circle of experts should assist the economy and enable most of industry and most Yugoslav banks to accept the economic and strict financial discipline criteria in their own and society's interests.

This presupposes the maximum possible involvement of social funds, through conversion, rescheduling, and writing off funds not in use, but with the strict criteria and economic compulsion that these alleviating factors be used for the necessary realignment of the economy toward high productivity and effective business organization in keeping with the stabilization program. The aim is that with these measures, benefits, most of the Yugoslav economy will function under the strict terms of new systemic solutions, with the greatest efforts on its part and the use of reserves which exist everywhere, in all organizations. But it is clear that those without the strength to operate under such criteria must go into liquidation with programs for the employment of their workers in other more efficient collectives. Everything said so far indicates that industrial and economic realignment from an extensive to an intensive, highly productive production method is a complex, difficult and long-term process. Our socialist self-managing system, in which workers manage social funds with -- and I stress -- the duty to constantly increase them, and in which both in the factory and through the delegate system they have an active and decisive role, has all prerequisites for successfully overcoming these deep and painful transformations with fewer political and social disturbances than in other societies. It is the great responsibility of the workers, the delegate system, executive and administrative organs, and in particular the subjective factor led by the LC, to see that socialist self-management succeeds in this. In this respect it is undergoing a historical test. If it succeeds it will prove its advantages, and if it does not succeed it will cease to be attractive, not only to progressive movements in the world but also to our people who have subjectively decided in favor of self-management, but who rightly expect the conditions to be created for them to bear the responsibility for management, and also the conditions in which, if they work better and more, they will have better and more opportunities for improving their working conditions and living standard. I began with inflation and I end with the need for self-management to be economicaly efficient and function under strict economic criteria. The two are not fortuitously linked, because regardless of the need for various partial zig-zag measures, stategy must be clear. We will overcome inflation only by firmly eliminating and preventing the deep-rooted inflationary method of economic activity long inbuilt in our system and behavior. Socialist self-management must succeed in this. At a time when countries of real socialism seek to increase their economic efficiency it would indeed be an historic farce if Yugoslavia, the land of socialist self-management, because of its difficulties and the manifest signs of economic crisis took the path of negating its own revolutionary achievements.

The report on the FEC's work in implementing the stabilization program may be assessed in different ways. However, it is a question of crucial issues for the further successful development of socialist self-management and of society as a whole. What has already been done or is in the final stages of the procedure of the SFRY Assembly, together with what is still at the development stage and with the medium-term development plan for Yugoslavia, makes up a whole. All this provides a basis for the system and measures to function as a whole, but we can succeed only if the entire social mechanism takes an active attitude toward the implementation of the stabilization program. The day before yesterday at the FEC session convened by the SFRY Presidency, it was stressed that the situation requires greater responsibility and sobering up on the part of everyone.

I wish to point out once more: the initial but significant results, and preconditions for the more rapid realization of the long-term economic stabilization program, have been achieved with difficulty and slowly, but have still been achieved. In a difficult situation we are still on our feet, with the expertise and the opportunities for further developing our socialist self-managing system. Our economic situation is still very serious, and not all the main roots of instability have yet been removed.

However, in conclusion allow me to say that not so long ago our country was in a good economic situation. The lack of unity which arose, our unwillingness and inability to agree on strategic questions of the country's development brought us to an economic crisis. Establishing unity with regard to the implementation of the long-term economic stabilization program is the only possible way of emerging from the crisis, Milka Planinc, president of the FEC, said at today's session of the Federal Chamber and Chamber of Republics and Provinces of the SFRY Assembly.

BILL WOULD PERMIT OVERSEAS HOLDING CORPORATIONS

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[Text] Belgrade, Dec 5 (TANJUG) -- Yugoslav enterprises are likely soon to be granted legal rights to open abroad the holding corporations to engage in the founding and financing of other firms.

The latest amendments to the bill on economic activities in foreign countries allow the domestic firms, which are already registered for foreign trading, to set up holding corporations in cases they secure at least 50 per cent of the initial capital and the supervision of business decision making.

Partners within a holding corporation may be either Yugoslav or foreign firms. Yugoslav partners must ensure business control by majority of shares, preferential shares, special clauses in the founding contract, or otherwise.

Books of a holding corporation and all its producer or trading members will have to be kept in Yugoslavia too. Shares of such a corporation and its members, owned by Yugoslav work organizations, will also have to be deposited in Yugoslavia.

Holding corporations otherwise are among the most up-to-date forms of business organizations in the countries with market economies, and they allow centralization of capital, increasingly flexible financial operations, lower taxation burden, and greater transfers of profits.

Some of Yugoslavia's leading foreign-trade organizations have already so far occasionally set up their branches abroad through their representations in other countries. This domain of business operations and a more comprehensive control over the socially-owned resources would now be regulated with greater precision by the latest legislative amendments.

The Yugoslav Assembly Committee on Economic Relations with other countries begins the relevant coordination of the bill and amendments next mid-week, so that the amended act might take effect before the year is out.